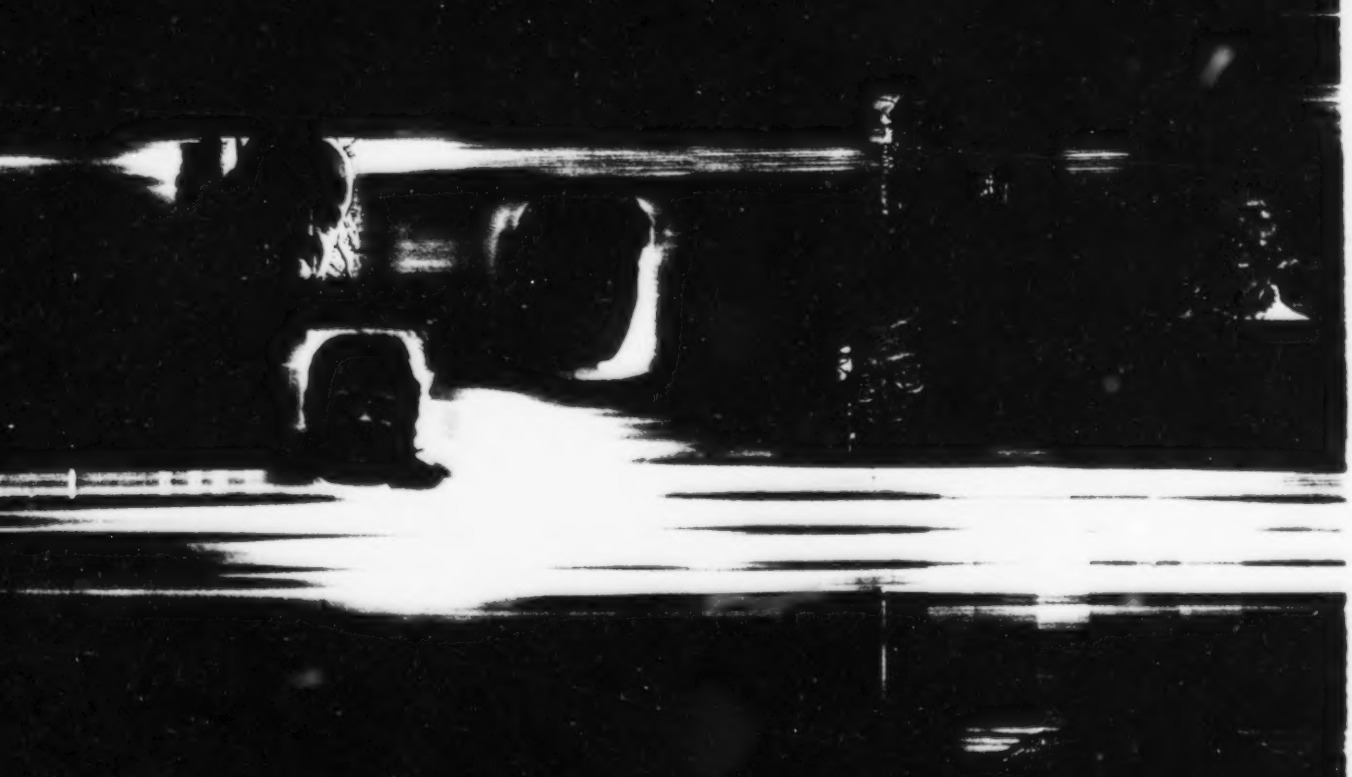
Connections



Annual Report 1999

Workers' Compensation Board of Nova Scotia

The Workers' Compensation Board is one participant in the workers' compensation system which includes: workers and their representatives, employers, the medical community, WCB service providers, workers' advisers, the Workers' Compensation Appeals Tribunal, government and those involved in injury and disease prevention.

The Workers' Compensation Vision

The vision of the workers' compensation system is a healthy, working Nova Scotia.

The Mission of the WCB

The mission of the WCB is to co-ordinate the workers' compensation system to assist injured workers and their employers by providing timely medical and rehabilitative support to facilitate the efforts of injured workers to return to work; and by providing appropriate compensation for work-related disabilities.

WCB Strategy

The WCB's strategy is to provide an effective administration in order to co-ordinate all of the partners in the workers' compensation system to focus their efforts on building a healthy, working Nova Scotia.

WCB Responsibility

The responsibility of the Workers' Compensation Board is to administer the *Workers' Compensation Act* in a manner that:

- reflects the purpose of the *Workers' Compensation Act;*
- is fair and consistent;
- is financially responsible;
- is sensitive to the needs of injured workers;
- anticipates and is responsive to the changing needs of our clients and changing workplace conditions; and
- is supportive of the prevention of injury and disease.

WCB Beliefs

The Board of Directors and staff of the Workers' Compensation Board believe:

- that injured workers deserve fair, appropriate compensation, medical and rehabilitation support;
- that all injured workers want to return to work;
- that all partners in the workers' compensation system have a responsibility to assist injured workers to return to work; and
- that all partners in the system must co-operate to achieve a healthy, working Nova Scotia.

Message to the Minister of Labour

The Honourable Angus MacIsaac,
Minister of Labour

I have the pleasure to submit the report of the Workers' Compensation Board of Nova Scotia for the year ended December 31, 1999.

Respectfully submitted,

Innis Christie
Chair, Workers' Compensation Board

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MOVING AHEAD THROUGH CONNECTIONS

In 1999, the Workers' Compensation Board of Nova Scotia made significant progress building connections and forging partnerships within the workers' compensation community, and beyond. Our planning has told us that we can most effectively and efficiently improve service through partnerships. In the end, there is only one taxpayer, so one of our primary aims is to reduce duplication and red tape in business/government interactions.

In the past year, we finalized arrangements with the Canada Customs and Revenue Agency (CCRA, formerly Revenue Canada) to provide a more flexible way for employers to pay their WCB assessment premiums. Nova Scotia's business community was a great help in the development of this new process. Approximately one hundred employers took part in the pilot project that helped to iron out the details of the new Assessment Payment Plan to be introduced in 2000. This project will be the first major achievement under our Long-term Business Plan, which was announced in 1998.

The new Assessment Payment Plan also represents an important "first" in Canadian public administration history. This is the first time the federal revenue agency and a provincial workers' compensation board have worked together to reduce the burden of payroll administration on employers. This development was assisted by the transformation of Revenue Canada from a "department" into CCRA, an "agency" structured and governed much like the WCB.

A VALUE-ADDED APPROACH

The development of the new Assessment Payment Plan is a demonstration of what we at the WCB are striving to do overall. As business increases and our fund grows, we need to take steps that are more strategically sound than a mere doubling-up of the things we were doing before. Like any business, we must look at each of our major processes and ask, "Should this be changed? And if so, how? Is there a more efficient, more effective way? What do our clients expect us to deliver?"

In fact, we are looking at each aspect of our service and asking ourselves the basic questions. "What are we doing? Why are we doing it? Does it add value? If not, shouldn't we stop doing it?" Our objective is simple: to provide responsive and appropriate service to Nova Scotians in an efficient and effective manner.

One example of the WCB's increasingly customer-led approach to improving service is telephone accident reporting, which we started pilot testing in late 1999. We know that some employers, particularly smaller ones who only experience an accident once every few years, may not be familiar with the complexity of accident reporting.

In 2000, during the implementation of an improved Client Services Delivery Model, we will be building and testing a prototype electronic records and claims management system. That system is intended, in part, to prepare the way for accepting electronic reports via email or the internet. When that system is ready, we also need to provide, to those not familiar with electronic reporting, a simple alternative—telephone reporting. Making changes to computer and administrative processes in a firm that handles 35,000 new accidents each year is costly and requires lead time and testing to get it right.

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By replacing our old paper process with these two new methods, we will reduce the delays associated with a paper-based system and be more efficient and effective in our routine daily work. Hence, we will be able to dedicate more of our resources to our core business of helping people get back to work.

Another step we took toward the implementation of our Long-term Business Plan was to purchase computers for our staff. We elected to do this in 1999, even though the task-specific software will not come on stream until the future. This way, staff can gradually become familiar with the productivity-enhancing tools that come with desktop computers. Even with this step-by-step approach we suffered a temporary setback. Claims processing, which has been speeding up in recent years, actually slowed down a bit during 1999, as reported in our Corporate Performance Measures. The good news is that, as our staff is trained to work with it, the new hardware will lead to greater productivity. Already, we can report that, on a month-by-month basis, our claims processing times were improving by the end of the year.

Productivity will be further enhanced when the records and claims management systems are developed and put in place. But, obvious as the need for it is, we cannot forget that the provision of more responsive and appropriate service is not an easy or simple thing to implement.

PART OF A SYSTEM

The WCB is structured and governed as an independent agency of the provincial government, reporting to the Legislature through the Minister of Labour. The decisions of our hearing officers are subject to appeal at the Workers' Compensation Appeal Tribunal (WCAT). Our clients, injured workers, have rights to be represented by the Workers' Advisers Program (WAP) in some of their dealings with the WCB, as well as with WCAT and the courts. Each of these agencies must, by the very nature of their roles, be independent of the others, but all are concerned to ensure that the system works properly and fairly according to the law.

In those connections too, the WCB has devoted the time and energy of our staff to ensuring orderly, open and informed decision making. We have worked with both WCAT and WAP to support expedited alternative dispute resolution mechanisms and made information systems available to assist the external appeal mechanisms in operating as efficiently as possible.

COMMUNICATING EFFECTIVELY

Building connections also involves continuing to improve communications with injured workers, employers, and the labour community—always a primary goal of the WCB. During 1999, we piloted a process of roundtable discussions. We began with one session for labour representatives and one for injured workers, both in Cape Breton, and we have scheduled several more for the coming year.

The roundtable format is straightforward. We meet with small groups and talk about issues of concern to them. The benefits from our point of view are twofold. First, we gain a better understanding of the needs of these constituencies and are better able to respond to them day-by-day. Second, we gain valuable insights to pass on to the statutory review committee that will be assessing the *Workers' Compensation Act* in the year 2001.

The *Workers' Compensation Act* provides for a review of its own operation in 2001. When a society wants to review one of its large and highly complex programs, those who are working "in the field," as we are, must assemble the data to support the review. One of the WCB's most important responsibilities is to provide information to those who have the power to initiate statutory change. During 2000, we will continue to identify issues through the roundtable process, and we will do our best to ensure that there is solid and comprehensive data upon which to address these issues. This will enable the statutory review committee to make data-driven decisions.

A SOCIETY AND A BOARD IN TRANSITION

During the year, we again sought feedback from injured worker and employer communities through customer surveys. The results measured by these surveys, which were undertaken by an independent firm, continued to improve. They are presented in this Report as part of our Corporate Performance Measures. In addition, we reached out to these communities, and organized labour, through a series of workshops we offered in conjunction with the provincial Occupational Health and Safety Division (OH&S) of the Department of Labour.

These joint workshops with OH&S are another example of the WCB partnering with others to provide better service to Nova Scotians. They began in 1999 and will continue into the coming year; and the response, thus far, has been so overwhelming that we have had to book double sessions in almost all of the selected locations. The workshops give people an opportunity to learn about specific issues and talk with us about where we have come from and where we have yet to go. One thing demonstrated at these sessions is that these are times of transition. What people are seeing is a society that is in transition, an *Act* that is in transition, and an institution, the Workers' Compensation Board, that is in transition.

We are speaking of a culture that is becoming more conscious of safety in the workplace, and more flexible and creative in its approach to disability management. Safety has a much higher priority in the Nova Scotia workplace than it once had. This positive shift is making itself felt in large ways, not only in the reduction of human suffering but also in the overall financial picture. While the number of accidents increased slightly this year, the per capita accident rate is continuing to decline.

The shift toward a safer workplace culture is also made evident in smaller, day-to-day events. We are heartened by the enthusiasm with which workers, unions and employers have greeted our Workplace Disability Management Service. This service involves a company's management, labour and frontline supervisors, working together with a WCB representative to develop and implement a formal back-to-work policy. It is another example of a connection from which everybody gains. Throughout the past year we have been consistently encouraged by the readiness to adopt an "ease back" or "modified duties" approach to helping injured workers get back on the job. We recognize that this approach presents many challenges for employers, unions, and workers, but it is the most effective way to reduce the human and financial toll of workplace injuries.

This transition reaches throughout the organization, as in 1999, the WCB bid farewell to three valued members of our Board of Directors. Employer Representative James Sapp was one of the founding members of the Board of Directors (with us since 1992); John Bishop was Deputy Chair of the Board for six years; and Basil Kilgar brought a fresh new perspective to the WCB as the one of the first two Public-At-Large Representatives. Their 16 years combined experience and guidance will be sorely missed. At the same time, we welcome three new members for 2000: James White and Paul LeBlanc, Public-At-Large Representatives; and our new Employer Representative, James Melvin.

From a financial perspective, 1999 was also a very good year. The increase in assessable payroll in Nova Scotia has again not been matched by a corresponding increase in claims. Accordingly, this fall we were able to announce that we anticipate paying off the unfunded liability by 2016, rather than 2039—an improvement of 23 years.

We also have had very positive investment returns. The 1999 yearly return of 19.9% on invested funds was our best single yearly return in recent years.

BUILDING STRENGTH WITHIN

The WCB itself is in a process of transition, a transition which is intended to ensure that the people in the greatest need receive the appropriate services. We must continue to work with others, but we must also build strength from within. Key to this is providing our staff with the skills they need to do their jobs effectively.

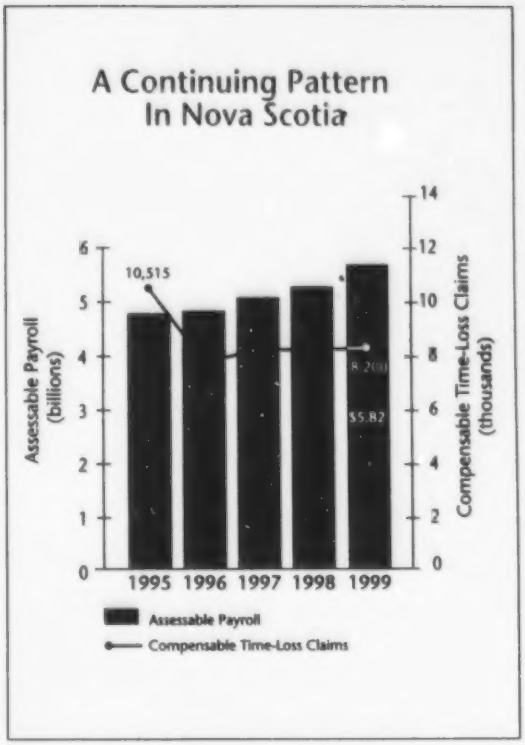
When our staff asked for university-level training in disability case management, we discovered that no such program existed in Canada. We therefore approached Dalhousie University to develop a program in disability case management, drawing on their strength in health-related programs. The result is the program that you can read about on page 31 of this Report, offered in Dalhousie's distance education format for the first time in the fall of 1999. It is the first university-level disability case management program in Canada.

This program was not one we alone could support. The Nova Scotia WCB does not have enough staff to make it economical, so we worked with other provincial workers' compensation agencies to build the program. We are proud of our role in the development of the program, but it is important for us to recognize the significant contribution of those from other provinces as well. Together we are offering all Canadians improved training in disability case management, and ultimately the service of university-trained disability case managers.

CONNECTIONS FOR SERVICE

In closing, we believe it is important to remember that transitions occur over time. The transition taking place in the Nova Scotia WCB is no exception. We are doing a much better job than we were able to do in the past, but we recognize that we still have a great deal more to achieve. This improvement in our service has been a result of the stronger connections we have established with all of our stakeholders, allowing us to work more closely together and resolve issues that arise by identifying them early and working jointly toward solutions.

The roundtable sessions with injured worker groups and organized labour; the Workplace



Disability Management Services program with employers, injured workers, and unions; the work that we undertook with OH&S; appropriate co-operation with the Workers' Advisers Program and the Workers' Compensation Appeal Tribunal; and our partnership with the Canada Customs and Revenue Agency to provide the new Assessment Payment Plan are just some examples of the connections that we've been building in the workers' compensation community in Nova Scotia. By building these connections, by listening to and interacting with our stakeholders, we are becoming more co-operative and responsive. The result? To provide timely, efficient, and effective service to Nova Scotia's workers and employers.

Innis Christie
Chair

David Stuewe
Chief Executive Officer

BOARD OF DIRECTORS

Chair
Innis Christie, QC, LLM, LLB, BA

Mr. Christie joined the Board of Directors with an accomplished background in labour law, industrial relations and labour arbitration. He was Chair of the Nova Scotia Labour Relations Board from 1972 to 1979, and Deputy Minister of the Nova Scotia Department of Labour from January 1993 to July 1994. Active as an arbitrator since 1965, Mr. Christie has decided cases in a variety of private sector industries, as well as the public sector and universities. He is also the author of a textbook on employment law. Mr. Christie is currently a Professor at Dalhousie University Law School, where he was Dean from 1985 to 1991.

Employer Representative
Gary Dean

Gary Dean has over 30 years of experience in a variety of capacities within the construction industry and is currently Vice President of Robert McAlpine Atlantic Limited. He is serving as Past Chair and on the executive of the Construction Association of Nova Scotia and as a Director and Past Chair of the Construction Management Labour Bureau. He also serves as a board member of the Nova Scotia Labour Relations Board - Construction Industry Panel. Mr. Dean is active as the Past Chair of the Regional Industrial Training Committee of Human Resources Development Canada for Nova Scotia Construction Training.

Worker Representative
Roberta Morrison

Roberta Morrison was employed with Via Rail Canada for 18 years and is active within the Canadian Brotherhood of Railway, Transport, and General Workers' Union and Local 4333 of the Canadian Autoworkers' Union as both a member and in executive positions. Ms. Morrison, through her involvement with the province's injured workers' organizations, brings a broad knowledge and experience with injured workers and their issues to the Board. Ms. Morrison is a graduate of Saint Mary's University's Bachelor of Arts program and is continuing her studies at the Masters level.

Public-At-Large Representative
Dr. Oscar Wong

Dr. Oscar Wong recently retired from his position as a radiation oncologist with the Nova Scotia Cancer Foundation, a position he held for 27 years. Previously, Dr. Wong practiced in Sydney Mines, Nova Scotia, as well as in Newfoundland and Hong Kong. Dr. Wong has served on the Drug Dependency and Human Rights Commissions and was a member of the Medical Advisory Group at the Atomic Energy Control Board. Dr. Wong is a technical advisor for the Cancer Committee with the Canadian Council of Health Services Accreditation Board. As of January 1, 2000, Dr. Wong serves on the WCB's Board of Directors as Deputy Chair.

Worker Representative
Gary Penny

Gary Penny was employed with Canada Post Corporation as a letter carrier for 23 years. In that time he was very active with the Letter Carriers Union of Canada, serving on a national level as a Health and Safety Officer representing the Atlantic Region. Over the past few years, Mr. Penny has been extensively involved with injured workers' groups in Cape Breton.

Employer Representative
Elwood Dillman

Elwood Dillman has a long working relationship with government, the railways, the trucking industry, and the environment in the public and private sectors. His efforts have focussed on assisting in the development of legislation and policy. He has served as Chair of the Canadian Pulp & Paper Association. Mr. Dillman currently works with Scotia Investments as Group Environmental and Distribution Co-ordinator. He was Director and Chair of the Atlantic Provinces Transportation Commission for 17 years, and has also worked in the same capacity for Nova Scotia Voluntary Planning. He has also served on the Transportation Committee of the Canadian Manufacturers' Association.

Elwood Dillman | Jim Neville | Basil Killgar | James Sapp | John Bishop

Mr. Neville worked for DEVCO in the railroad department for many years. He was a regional representative on the Cape Breton Regional Housing Authority from 1991 to 1994, and served as the Chair of the Unemployment Insurance Appeal Commission from 1992 to 1995. He is very familiar with workers' compensation issues as he is an injured worker and has served as the President of the Cape Breton Injured Workers Association. Mr. Neville is Past President of United Mine Workers Local 7749, and was a member of the former Workers' Compensation Appeal Board from 1993 to 1996 before it was replaced with the Workers' Compensation Appeals Tribunal (WCAT). In addition, he served as an advisor to the Select Committee on Workers' Compensation in 1998.

Jim Sapp, John Bishop, and Basil Kilgar have made a lasting contribution to the workers' compensation system. John Bishop served as Deputy Chair of the Board of Directors for over six years, and Jim Sapp represented the interests of the employer community on the Board since its inception in 1992. Both directors were instrumental in implementing the new Workers' Compensation Act in 1996. Basil Kilgar was the first Public-At-Large representative to serve on the Board of Directors, and served in that position for three years. All three directors helped guide the WCB's actions during the Select Committee on Workers' Compensation in 1998 and the changes brought about as a result of Bill 90 in 1999. Their presence and efforts will be missed by the Board of Directors and the staff of the WCB.

Jim Sapp is the owner of an investment consulting firm and has acted as a Business Initiatives Advisor and Case Counselor to the Business Development Bank of Canada. Mr. Sapp has extensive experience in the operation of small businesses. For 15 years he chaired the South Shore Manufacturing Association; for six years he served as Chairperson for the Liverpool-Queens Development Commission; and for three years, Mr. Sapp was Deputy Mayor of his hometown of Liverpool. Mr. Sapp joined the Board as a founding member in 1992.

Mr. Kilgar has been involved in the construction and masonry trades for many years as both an employee and an owner of a firm. He taught these trades for over 25 years at the Dartmouth Vocational School, eventually serving as Department Head over all the construction trades until retiring in 1993. Mr. Kilgar has served as President of the Bricklayers' Union, Local 1, in Halifax, and as President of the Vocational Teachers' Union of Nova Scotia. Mr. Kilgar has worked extensively as a member of the Provincial Advisory Committee on Masonry, and the Boxing Commission of Nova Scotia.

Mr. Bishop, a Canadian Accredited Insurance Broker (CAIB), is Vice President of Jack & Co. Ltd., a family-owned insurance brokerage firm established in 1860. A life-long resident of Halifax, Mr. Bishop graduated from Saint Mary's University with a Bachelor of Commerce in 1974 and a Bachelor of Business Education in 1977. He has served as President of the Saint Mary's Alumni Association, and served two terms as a member of its Board of Governors. Mr. Bishop is a Past Most Loyal Gander of the Honourable Order of the Blue Goose, International, an insurance industry fraternal order. He presently holds the position of Treasurer on the International Executive.

In December, 1999, three new members were appointed to the Board of Directors with terms beginning in January, 2000. The Public-At-Large representative positions were filled by James White and Paul LeBlanc, and the Employer Representative position was filled by James Melvin.

Corporate Governance

Corporate governance is the process and structure for overseeing the direction and management of a corporation so that it effectively fulfils its mandate. This involves both its public policy and corporate objectives. The following is an overview of the governance of the Workers' Compensation Board of Nova Scotia.

Mandate

The Board of Directors is responsible for the governance of the Workers' Compensation Board, and for the exercise of the powers and performance of duties as set out in the *Workers' Compensation Act*. The Board of Directors is established under Section 151 of the *Act*.

It is the responsibility of the Board of Directors to oversee delivery of workers' compensation programs, develop policies in accordance with the *Act* to achieve delivery of these programs, and develop legislative proposals for the consideration of government. The representative nature of the Board places members in a unique position to ensure that the legitimate interests of stakeholders are considered, while recognizing that they ultimately must act in the best interests of the system and all the people and firms who rely on its services.

Structure of the Board of Directors

The Board of Directors consists of up to 11 members appointed by the Governor in Council (Cabinet). Other than the Chair and Deputy Chair, the Governor in Council shall endeavor to appoint equal numbers of persons representing workers and employers. The Governor in Council may also appoint persons representing the public at large to be non-voting members of the Board. Currently there are three employer representatives and three worker representatives on the Board, as well as two Public-at-Large representatives.

Committees

Audit & Finance Committee

This Committee is responsible for reviewing, and where appropriate, reporting to the Board with recommendations on financial matters, including the annual capital, administrative, and program budgets; quarterly reporting of budget expenditures; setting of assessment rates; and internal and external auditor reports. It is a standing advisory committee consisting of the Chair, an employer representative, a worker representative, a public representative or the Deputy Chair. The Chief Executive Officer, Chief Financial Officer and the Executive Corporate Secretary are non-voting advisory members of the Committee.

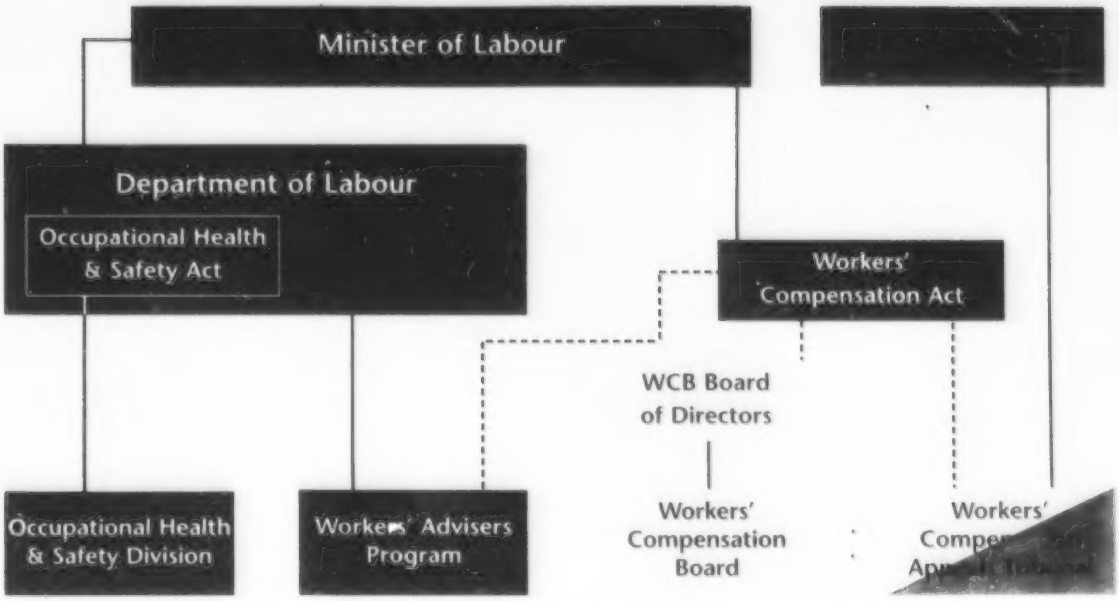
Investment Committee

This Committee is responsible for reviewing and reporting to the Board of Directors on the administration, supervision and management of the investment program; and for recommending, where appropriate, changes for consideration in regard to established investment policy and objectives, and the external and internal management of resources. It is a standing advisory committee consisting of the Chair, an employer representative, a worker representative, and a public representative or the Deputy Chair. A representative of the Nova Scotia Department of Finance, Mr. Peter Van Loon, was appointed to the Committee in November of 1997. The Chief Executive Officer, Chief Financial Officer and the Executive Corporate Secretary are non-voting advisory members of the Committee.

Governance Committee

This Committee is responsible for reviewing and reporting to the Board of Directors on governance structure and process. It is a standing advisory committee consisting of the Chair, an employer representative, a worker representative, and a public representative or the Deputy Chair. The Chief Executive Officer and the Executive Corporate Secretary are non-voting advisory members of the Committee.

Workers' Compensation System



Occupational Health and Safety is a division of the Department of Labour. It is responsible for enforcement of the *Occupational Health & Safety Act* and regulations.

Specifically, the organization is responsible for the development, maintenance, and monitoring of workplace safety across the province.

This organization operates separately and autonomously from the WCB.

The Workers' Advisers Program is attached to the Department of Labour. It offers legal advice and assistance to eligible injured workers on workers' compensation matters.

The Workers' Advisers Program operates separately and autonomously from the WCB.

The Workers' Compensation Board is a no-fault workplace accident insurance agency. It is responsible for administering the *Workers' Compensation Act*.

Specifically, the organization is responsible for providing benefits and services to injured workers and their employers.

The WCB is governed by a bi-partite Board of Directors made up of equal representation from the worker and employer communities and two public representatives.

The Workers' Compensation Appeals Tribunal (WCAT) is an independent appeals body that reports to the Minister of Justice. It is responsible for hearing appeals of WCB claims and assessment decisions.

WCAT operates separately and autonomously from the WCB.

Injured Workers
Medical Community
Employers

Labour Community
Employer Associations
Educational System

Service Providers
Injured Workers' Associations
Other government agencies

Building Connections

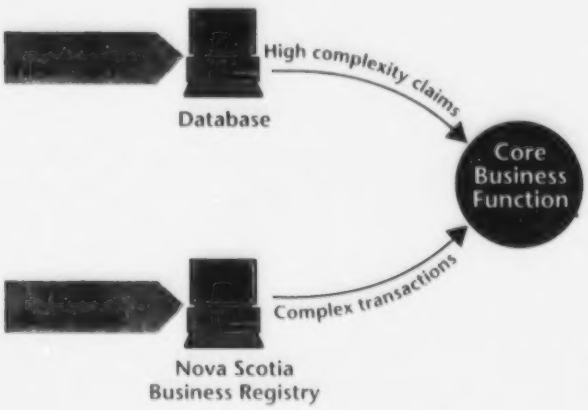
Since 1992, when the WCB initiated a process of deep and fundamental change to improve our service, we have been building connections with other agencies and our partners in the compensation system.

Those who have followed our progress through the years will know how much has been achieved. By 1997, workers' compensation in Nova Scotia had changed from an outmoded system—with the WCB working in virtual isolation from its stakeholders and partners—to one moving to be more co-operative, responsive, and, most importantly, designed to meet the needs of the contemporary workplace.

In 1997, with a new *Workers' Compensation Act* in place and five years of fundamental change behind us, we developed a Long-term Business Plan to guide us through the years from 1998 to 2002. The Business Plan addresses the need for further improvement and shifts our operations to a more client-focused model. It requires us to streamline our internal processes, increase our financial accountability, continue to strengthen our relationships with stakeholders and partners in the compensation system, and—always the top priority—continue to improve our service.

The Business Plan enables us to focus energy and expertise on "the big picture" on one hand, and on the small important details on the other. Increasingly, as the Plan is implemented, our financial and human resources are being used where they are needed most: reducing the impact of workplace injury on society by developing comprehensive risk-management programs, and reducing the impact on individuals by delivering improved, in-depth case management to those injured workers who

The WCB Service Delivery Model



require it. This more appropriate allocation of resources is occurring gradually as we reduce the time and energy we spend on routine activities—a reduction which is made possible by partnering with other agencies, and which brings the added benefits of lower costs, less red tape and fewer delays for Nova Scotia's workers and employers.

We have developed an annually updated Corporate Plan to guide our actions and enable us to track our progress year by year. In 1999, the Corporate Plan focused on process. As you will learn in more detail on the following pages, we completed a pilot project for periodic assessment payments, in preparation for offering all registered employers a payment plan geared to actual payroll figures in the year 2000. We helped employers develop risk management and return-to-work programs; and launched a new project to simplify our front-end claims processes, moving us toward an increasingly client-centered approach to case management. In addition, we also implemented the procedural and policy changes which had been legislated by Bill 90, passed in April, 1999.

In following our Corporate Plan for 1999, the WCB continued to improve service delivery by building connections with our partners in the compensation system, and also with agencies and organizations beyond. The goal? To meet our commitment to Nova Scotia's workers and employers, and to build an increasingly strong—more efficient and more focused—compensation process for the century ahead.

Improving Service

In 1999, the WCB delivered the first test phase of the Assessment Payment Plan, allowing approximately 100 employers in Nova Scotia to submit their WCB premiums based on actual payroll on a periodic basis throughout the year. The system will be available to all employers in 2000. The days of reporting payroll and paying premiums to the WCB a year in advance are past (see feature on page 16).

Increasing Accountability

To ensure the future stability of the workers' compensation system, the WCB's Board of Directors approved a change in the funding strategy which proposes to eliminate the WCB's unfunded liability by 2016. The original funding strategy proposed eliminating the unfunded liability by 2039 (see feature on page 22).

Communicating Effectively

The WCB continued its efforts to solicit feedback from its primary stakeholders by conducting workshops across the province with over 650 participants, and continued to survey both the injured workers and registered employers of Nova Scotia (see features on page 27).

Building Strength Within

The staff and management of the WCB developed a comprehensive Performance Development Process to assist employees in maintaining high service standards and to provide them with the feedback to continually improve their performance. (see feature on page 31).

Improving Service

(From left to right) WCB Case Management Team: Karen Lewin, Marlene McCluskey and Cindy Shupe with Jack Casey of Medic Delivery Services.

Jack Casey thinks of his injury, healing and return-to-work as a journey—a difficult, but ultimately rewarding, process.

A Journey Completed

Jack, who has worked as a medical courier for close to 20 years, slipped on a patch of ice outside a seniors' home when he was making some deliveries. "There was just enough snow that you couldn't see what was under it," he says.

Jack Casey thinks of his injury, healing and return-to-work as a journey—a difficult, but ultimately rewarding, process. Jack, who has worked as a medical courier for close to 20 years, slipped on a patch of ice outside a seniors' home when he was making deliveries. "There was just enough snow that you couldn't see what was under it," he says.

Jack, 55 at the time, suffered permanent damage to the ligament which holds the knee tight to the leg, and also to a nerve in his left foot. Two years later, he is back on the job with his pre-accident employer, Medic Delivery Services Ltd. He can once again climb stairs—though not as many as he used to. He wears a leg brace now, and has had to make adjustments. For example, says Jack, "It required that I learn how to drive with one foot—so I did."

Bonnie Caldarozzi, Vice-President of Medic Delivery Services, believes Jack's return to work was partly due to his determination. Cindy Shupe, his Case Manager at the WCB, agrees. "The initial prognosis," she says, "was that he would never return to work, let alone his pre-accident employment—but he did." The WCB helped Jack to determine if his old job was still possible. "This was his life," Cindy notes. "It was what he wanted, so it was the goal we worked toward."

First, his Case Management Team (including Cindy, Adjudicator Karen Lewin, and Vocational Rehabilitation Counsellor Marlene McCluskey) arranged for him to take a gradually intensifying program of exercise and conditioning with Lisa Wilson and Debra Vieth-Morse at the Halifax Centre for Physiotherapy, Work-hardening and Sports Injuries. The sessions, which gradually built up to five full days a week, lasted nearly a year and included a simulation of Jack's workday activities.

Next, Cindy worked closely with Bonnie Caldarozzi to help Jack "ease back" to his job. He started late in the summer of 1999, about a year after the accident, delivering envelopes for a couple of hours a day within the downtown core. He gradually built up to the point where his earnings—combined with his Extended Earnings Replacement Benefit (EERB) and his Permanent Impairment Benefit (PIB) from the WCB—now come close to the wages he was making in the past.

Prior to the accident, Jack was responsible for delivering supplies to Victorian Order of Nurses clients in Halifax and surrounding areas. He speaks of his proudest day back on the job. "It wasn't my first day, nor my first full month," he says. "It was on a Thursday in August, when I was asked to take back my former route."

Improving Service

The WCB is working to continue to provide injured workers and employers with a steady improvement in the timeliness, responsiveness, effectiveness, and quality of service.

The Workers' Compensation Board is a service organization committed to providing quality workplace accident insurance to its customers, and ensuring that this service meets the present and future needs of its stakeholders.

Improving the quality of service includes the following principles:

- Timeliness;
- Consistency;
- Accuracy;
- Return-to-work success;
- Efficiency;
- Responsiveness; and
- Courteous and dignified treatment.

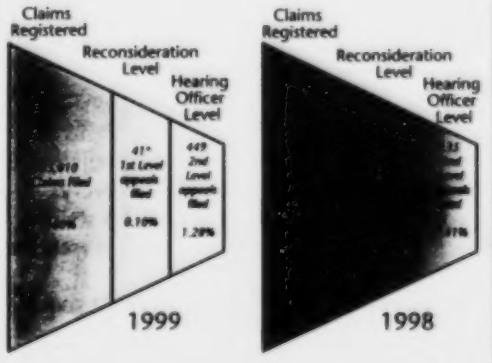
Improving Service

Improving service to our two main stakeholder groups, injured workers and employers, is always our first priority. In 1999, we:

- **built the necessary system and structure to deliver the Assessment Payment Plan to all employers in 2000. This plan addresses many of employers' concerns about their dealings with the WCB. The WCB ran a successful pilot project for the Assessment Payment Plan with approximately 100 Nova Scotia employers, and prepared to deliver the plan to all registered businesses for 2000.**

  The Assessment Payment Plan will allow employers to pay periodically, using actual payroll figures, instead of using estimates and paying in advance. It will help with cashflow, remove the necessity to estimate payroll in advance, and reduce red tape, benefitting all registered businesses and reducing hardship for small and seasonal firms.

Quality Assurance Statistics



* As a result of Bill 90 passed in April, 1999, the reconsideration level (1st level) of the internal appeals process was removed. All appeals at this level were transferred to the Hearing Officer level (2nd level).

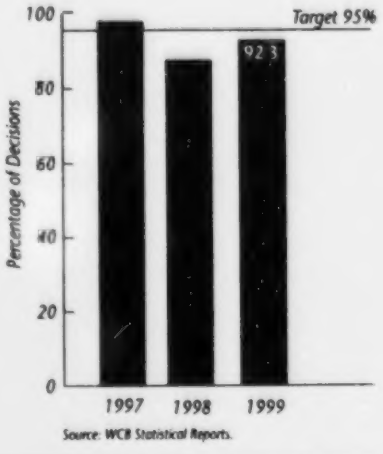
- moved forward in a groundbreaking partnership with the Canada Customs and Revenue Agency (CCRA, formerly Revenue Canada), crossing the barriers between federal and provincial jurisdictions. This partnership will allow employers to use their CCRA Business Number to pay their WCB premiums at the same time as their other remittances made to the CCRA (e.g. income tax, Canada Pension Plan and employment insurance). It will make the WCB's new Assessment Payment Plan simpler by harmonizing the rules and offering more payment channels.

- worked with our partners to make the Nova Scotia Business Registry (NSBR) available to employers in the year 2000. The NSBR is Canada's first partnership between a provincial agency (the WCB), a provincial government department (Business and Consumer Services) and a federal agency (CCRA, formerly Revenue Canada). Later in 2000, employers will be able to access the NSBR through the Internet, using their Business Number, and find "one-stop shopping" for registrations, licenses, permits and other services, including those of the WCB.

CORPORATE PERFORMANCE MEASURE

Timeliness of Appeals Decisions

This CPM measures how quickly decisions are issued on claims when appeals have been filed with the WCB's Internal Appeals Department. It is the percentage of Hearing Officer decisions issued within 90 days of an appeal being filed.

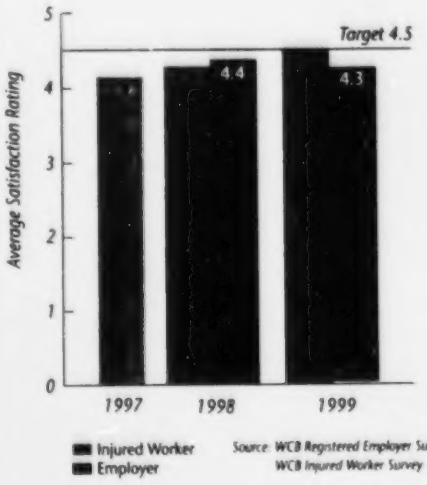


Source: WCB Statistical Reports.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Politeness of WCB Staff

This CPM measures injured worker and employer satisfaction with the politeness of WCB staff.

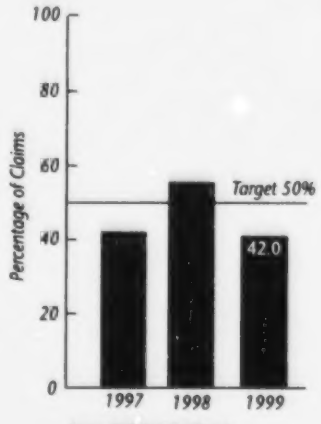


Source: WCB Registered Employer Survey
WCB Injured Worker Survey

CORPORATE PERFORMANCE MEASURE

Timeliness of First Payment

This CPM measures how quickly a first payment is issued to an injured worker after an accident occurs. It is the percentage of Temporary Earnings Replacement Benefit (TERB) payments issued within 15 calendar days of the date the accident is reported to the employer or the Loss of Earnings (LOE) start date.



Source: WCB Statistical Reports

- launched a major new project to simplify our claims processes and move us toward an increasingly client-centered approach to overall claims management. Known as the Client Services Delivery Model (CSDM) project, it has two separate focuses: short-term action and long-term planning.

- simplified the process for no compensable time-loss and low-risk claims, and started a new pilot project as part of CSDM's short-term-action focus. The pilot project tests to see if telephone accident reporting can speed the registration process and lead to the quicker delivery of a worker's first cheque. It involves three workplaces and continues into the year 2000.

  Employers in the pilot have been able to provide the information needed to process a claim in four fewer days than they were able to under the old system. Since these employers are able to provide the accident-related information more quickly, we in turn, have been able to make decisions on these claims more quickly—allowing us to issue a payment to the worker in ten fewer days.

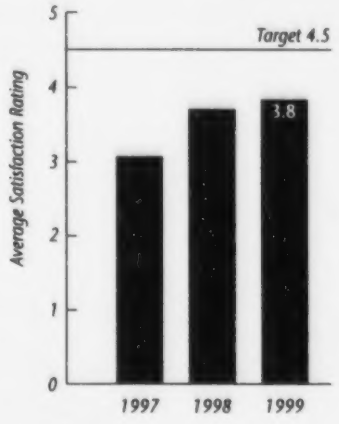
- studied the claims management process, from the day the accident happens to the day the claim is closed, as part of CSDM's long-term-planning focus. The intent is a continuing, ever-deepening shift in approach, moving our claims management practices toward services the customer wants and needs.

- continued to partner with the Workers' Compensation Appeals Tribunal (WCAT) and the Workers' Advisers Program (WAP) to work on Phase II of WCAT's Alternative Dispute Resolution (ADR) project. ADR is a voluntary process through which an injured worker and his or her counsel meet with WCAT and WCB

CORPORATE PERFORMANCE MEASURE

Satisfaction with Promptness of Benefits Delivery

This CPM measures injured worker satisfaction with how quickly the WCB processed and paid their claim.



Source: WCB Injured Worker Survey

representatives to resolve an outstanding appeal. During Phase II, ADR was available to those clients whose injuries occurred after June 1, 1995 and whose claims therefore fall under the new *Act*. Employers were given the option of being present at an appeal. Of the 394 sessions held across the province in 1999, 173 resulted in settlement, reducing WCAT's backlog. Clients who did not reach settlement kept their place on the wait list for a traditional appeal.

Looking Ahead:

The Workers' Compensation Board of Nova Scotia will continue to provide injured workers and employers with a steady improvement in service. In 2000, the WCB will:

- Fully implement the Assessment Payment Plan for all employers in the province, thereby providing every employer with the most convenient method available to make remittances and maintain their WCB accounts.
- Continue the development and expansion of the Nova Scotia Business Registry (NSBR). Through the NSBR, the WCB and its partners will expand the variety and scope of services offered by the NSBR, thereby offering continued improvements through one-stop shopping.
- In response to requests from employers, re-design the WCB Report of Accident Form to make it easier to complete and submit.
- Refine the current telephone accident reporting pilot.
- Restructure our internal processes to ensure each injured worker gets the appropriate service they need for their claim as soon as possible.
- Partner with the Occupational Health and Safety (OH&S) Division of the Department of Labour to provide information about the opportunities for joint efforts between the WCB and OH&S in order to provide better workplace accident protection for workers and employers.

Increasing Accountability

(From left to right) Ron Carter and Omar Roach of ADI Ltd., with their WCB Case Management Team: Wendy MacDonald, Andrea Vardy and Colleen Keigan.

Looking back, Ron says, "I've really run the gamut"—from the ice plant to the Dean's List, and now to a job with an engineering firm.

Running the Gamut

At first it seemed that nothing much had happened. Ron Carter, a labourer at an ice plant, slipped and hurt his shoulder. He reported the accident to his supervisor, and didn't think much more about it until the week went on and the pain worsened.

In the end, the slip resulted in two years off work, severe pain, surgery and a permanent impairment. But it also took Ron in a positive new direction. It led him to "a great opportunity," he says.

The opportunity came through the WCB. Ron received benefits during his two years of surgery and healing. When it was clear that he could never return to a labourer's job, the WCB helped him prepare for a new line of work. A friend of Ron's had studied Environmental Engineering Technology at the University College of Cape Breton; and Ron, who liked working outdoors, hoped he could do the same.

The WCB paid him benefits and his tuition while he completed a four-year program—first, a one-year Pre-Technology course to prepare him for the three-year diploma in Technology. Ron says the first two years were difficult. "It took me that long just to get my brain going. It was culture shock. I was in my 30s," he says, "and I had always been a labourer. I hadn't been in school for 14 years."

He worked hard and received help, initially, from Julie Anderson, a tutor provided by the WCB. He remembers Julie and Wendy MacDonald, his Vocational Rehabilitation Counsellor, as being ready with encouragement. "I'd say there's no way I can do this. And they'd say, 'well, you're doing it right now.'"

By the end of his diploma program Ron had gained confidence. He asked Wendy and his Case Manager, Colleen Keigan, to support him for the additional year it would take to earn a full degree. The request was approved. In 1999, he graduated with a Bachelor of Technology in Environmental Studies. He had Honours Standing and was on the Dean's List.

The next step was getting Ron back to work. That's where Andrea Vardy, the WCB's Labour Market Analyst, helped out. Her role was to seek out potential and appropriate employment for Ron, based on his work experience, education, physical ability and wage requirements, and this is how she matched ADI's needs with those of Ron. Andrea may find one or more job opportunities by promoting the injured worker and the WCB's Employment Incentives Program (EIP). The EIP offers companies a gradually decreasing subsidy to hire injured workers.

Wendy followed up on Andrea's suggestions, and arranged for Ron to work as a technician at the Sydney office of ADI Ltd., an engineering firm with branches throughout Atlantic Canada. Omar Roach, Branch Manager, believes EIP is good for employers and workers both, "especially in a place like Cape Breton, where it's difficult to get good jobs." He notes that Ron is an excellent worker. "We've come to depend on him," he says.

Looking back, Ron says, "I've really run the gamut"—from the ice plant to the Dean's List, and now to a job with an engineering firm. He adds, "I can't say enough about Wendy," and others he's worked with at the WCB. "They believed in me before I did. It's something I won't forget as time goes on."

Increasing Accountability

The WCB continues to develop and adhere to new evaluation and reporting mechanisms, and has updated and revised the funding strategy to ensure a stable future.

The WCB is accountable (both formally and informally) to injured workers and registered employers across the province. We are also accountable to our other partners in the workers' compensation system, such as government departments, injured workers' and employers' groups and associations, the medical community, the educational community, and others involved in accident prevention. The key feature of being accountable to any group is to provide them with clear, concise information with which they can assess your performance.

In order to be accountable to our partners in the workers' compensation system, the WCB will:

- Report on adherence to the funding strategy;
- Report on adherence to the legislative requirement to fund current costs; and
- Report on maintenance of appropriate administration costs.

Increasing Accountability

Strengthening our financial and administrative accountability is an ongoing focus because it allows us to build a stable future. This year, we:

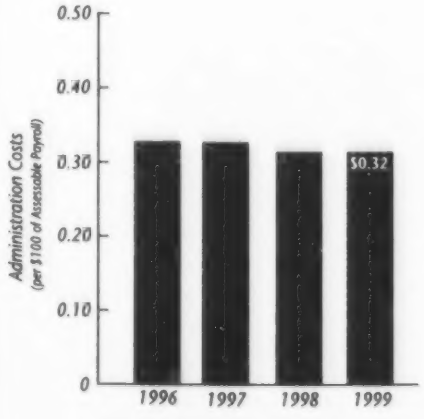
- updated and revised our funding strategy, as we do on an annual basis. The experience of recent years has placed the WCB in a stronger financial situation than was originally forecast—even after we account for the estimated $57.6 million it will cost to implement Bill 90. This financial gain results from an increase in assessable payroll combined with a decline in claims costs, and better than expected returns on investments.
- adopted a flexible, interim funding strategy that will dramatically reduce the time we expect it will take to eliminate the unfunded liability (a funding shortfall which was inherited from the years between 1971 and 1992). Specifically, we moved the amortization target-date ahead from 2039 to 2016 because of our positive current picture. Reducing the unfunded liability will lead to a stable future for workers' compensation in Nova Scotia, and ultimately to a drop in assessment rates. At present, 65 cents of the average assessment rate ($2.54 per $100 of assessable payroll) goes to eliminating the unfunded liability. This works out to about 25 cents of each assessment dollar. The statutory review of the workers' compensation system, scheduled to take place in 2001, may affect the WCB's finances and require a change in our projections.

CORPORATE PERFORMANCE MEASURE

Administration Costs

per $100 of Assessable Payroll

To calculate this CPM, the WCB's total administration expense (not including the cost associated with OH&S and WCAT) is divided by the total assessable payroll of all firms covered by the WCB—excluding self-insured firms.



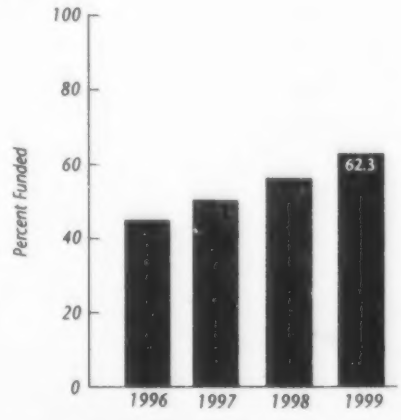
Source: WCB Financial Reports

- implemented the policy and procedural changes legislated by Bill 90, which amended the *Workers' Compensation Act*. The Bill, passed in April of 1999, requires us to change some of our programs and policies, particularly those involving certain clients injured on or after March 23, 1990 and before February 1, 1996 who suffer from chronic pain; surviving spouses of deceased injured workers; and workers who were injured prior to March 23, 1990 and received Amended Interim Earnings-Loss benefits. Bill 90 also gives the WCB the legislative framework required to introduce the Assessment Payment Plan on schedule.
- established a Bill 90 Project Team to co-ordinate the required changes. In the case of some of the new benefits, the WCB had to locate over 1100 clients across Canada in order to provide them the new benefits to which they were entitled. WCB staff were well prepared, and most injured workers whose claims were affected by Bill 90 had already been identified by the end of May, 1999. For claims at the WCB, most of the payments that were required as a result of the legislation had been processed by year end.

CORPORATE PERFORMANCE MEASURE

Percentage Funded

The "Percentage Funded" is the ratio of the WCB's total assets divided by its total liabilities.



Source: WCB Financial Reports

- reviewed and monitored all existing and newly-obtained computer systems to ensure that the Y2K readiness plan we developed during 1998 would prove effective.
- in order to make sure that our primary activities did not suffer, ensured that an appropriate balance was struck between the human and financial resources which were allocated to special projects—i.e., Bill 90 and projects in support of the Corporate Plan—and those resources retained for regular operations.
- as a result of Bill 90, a new rule was created for employers from outside the province who wish to conduct business in Nova Scotia. It requires every company conducting business in the province for more than five days to register with the WCB of Nova Scotia.

Looking Ahead

The WCB will continue to adhere to its evaluation and reporting mechanisms in order to provide our stakeholders with clear, concise information with which they can evaluate our performance. In 2000, we will:

- Evaluate key WCB projects and initiatives including: Workplace Disability Management Services (WDMS), the Case Management process, and the impact of the re-employment provisions of the *Act* on workers and employers.
- Refine and enhance internal service standards—for example, the length of time to return a phone call, or length of time to process a worker's first cheque.
- Develop a pilot project for the WCB's Data Warehouse initiative which will allow a greater volume and more accurate level of statistical and corporate performance information to be gathered from the WCB's computer systems.
- Prepare support documentation for the 2001 statutory review of the *Workers' Compensation Act*.
- Update the WCB's funding strategy.
- Continue to produce our Annual and Quarterly Reports in adherence with our legislated responsibility.

Communicating Effectively

(From left to right) Jamie Hood and Tim Morgan of Secunda Marine Ltd. on board the *Terra Nova Sea* with Fredricka MacLean and Wanda Young, their WCB Case Management Team.

"It's a long way," he says, "from a 65-foot dragger in Yarmouth Harbour to a ship with crew members from around the world."

When the worst has happened

At age 23, Jamie Hood lived through a nightmare. He and his brother Clifford were working side by side on a trawler, fishing out of Yarmouth Harbour, when they were hit by a much larger vessel.

Jamie ducked out of the way, but Clifford was strapped into place by a seatbelt. He died on the spot.

The months after the accident were filled with pain and rage. Clifford had been Captain of the trawler and ten years Jamie's senior. "He was my only brother," Jamie searches for words, "he was my super-mentor. He had me fishing with him every summer since I was 14."

Jamie received WCB benefits during this period, and as time went on, he started to wonder about his future. As Fredricka MacLean, his Vocational Rehabilitation Counsellor at the WCB, explains: "If Jamie had gone back to inshore fishing, he'd be re-living that crash every day." He had an interest in offshore navigation, so Fredericka contacted Secunda Marine Services Ltd., a company with sixteen offshore vessels, to ask what qualifications he would need. "From then on, she says, "we were able to start focusing on the future instead of the past."

Jamie already had his third mate's papers, so the WCB covered the costs for him to complete his foreign-going second mate's ticket through the Nova Scotia Community College, Strait Area Campus (formerly the Nautical Institute) in Port Hawkesbury. The WCB also sponsored Jamie to take a Fast Rescue Craft course through Survival Systems in Dartmouth. Two months later, he was on his way to Trinidad to join the crew of Secunda's *Agile*, Global Marine Systems' 440-foot cable ship which lays fibre-optic cable for the information highway across the oceans.

Jamie started at Secunda through the WCB's Employment Incentives Program (EIP) which offers employers a gradually reducing subsidy to hire injured workers. Tim Morgan, Human Resources Manager for the Dartmouth-owned company, is impressed with Jamie's focus, his leadership abilities and, in addition, "with the strength of character he has, to have come through what he's been through." He adds, "The potential for Jamie to climb the ladder is very evident," and notes that it's already happening. After only six months on the *Agile*, he has moved from trainee Third Mate to relieving Second Mate.

In his new role, Jamie, now 25, serves as the ship's Navigational Officer. "It's a long way," he says, "from a 65-foot dragger in Yarmouth Harbour to a ship with crew members from around the world. The job has helped me regain some of the confidence I had in myself," he adds. "It has helped me get my mind off the accident, helped me deal with the loss of my brother, and start looking ahead."

Communicating Effectively

The WCB works closely with other agencies and groups to build a healthy compensation system. This includes injured workers and their associations, unions, other government agencies, employers and employer associations, and the health care and legal communities.

The success of the workers' compensation system in the province depends upon the degree of co-operation and communication among and between these parties. The ability of each party to understand the actions and needs of the others is of paramount importance.

In order to communicate effectively the WCB will:

- Inform stakeholders about, and provide opportunities for input into decisions affecting the WCB and its activities;
- Co-ordinate and, when appropriate, harmonize its operations with other agencies in order to benefit the workers' compensation system; and
- Actively gather information and ideas from internal and external stakeholders to foster improvement in the system.

Communicating Effectively

By communicating effectively, we keep our stakeholders informed about service improvements, and encourage their feedback. Working together we can build a stronger compensation system. During 1999, we:

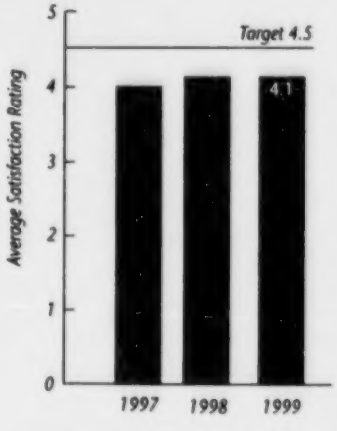
- employed a full range of communication methods to help employers prepare for our new Assessment Payment Plan. We began with an awareness campaign—newsletter articles, direct mail and frequent updates on our website—and proceeded to a full education process as the date of implementation (January 1, 2000) drew closer. This process included the development of a Technical Guide to the new program, and installation of special toll-free phone lines and a specific e-mail address for assessment-related questions. Over 80% of employers surveyed in November were aware of the Assessment Payment Plan.

- visited more than 80 employers, unions and injured workers' groups throughout Nova Scotia to introduce our Workplace Disability Management Service (WDMS). WDMS explains the benefits of a formal return-to-work (RTW) program—for example, reduced premiums for employers because it results in lower claims costs—and provides in-depth, individually tailored consultation for employers who wish to develop a RTW program.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Clarity of Letters

This CPM measures injured worker satisfaction with the letters they receive from the WCB.



Source: WCB Injured Worker Survey

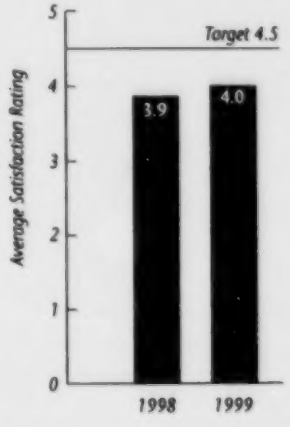
- held information sessions for unions, employers and injured worker groups in conjunction with the Occupational Health and Safety (OH&S) Division of the Department of Labour. The well-attended sessions—held in Sydney, Halifax, Bridgewater and Truro—showcased new services and future directions for the WCB and OH&S. They began in the fall and will continue into 2000.

- posed questions to over a thousand employers and injured workers: Are we fair? Are we affordable? Are we delivering what you need from a workplace insurance agency? These formed the gist of two telephone surveys conducted in 1999, which we first undertook in 1997 and 1998 (conducted by an outside firm to ensure respondents' anonymity). These survey results give the WCB another tool to measure how effectively we are providing service to Nova Scotia's workers and employers. It also helps us to identify the needs and expectations of these groups.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Accessibility of WCB Staff

This CPM measures employer satisfaction with how easy it was to reach WCB staff when needed.



Source: WCB Registered Employer Survey

- learned from our surveys that stakeholder satisfaction is improving—81% of injured workers were happy with the politeness of staff, and 61% were pleased with overall service. Employers also indicated that we are communicating effectively: 92% of those employers who were aware of the new Assessment Payment Plan felt prepared for its introduction. The survey also indicated that there is opportunity for improvement in several areas, including the need for a Report of Accident Form that is easier to complete.

Looking Ahead

The success of workers' compensation in the province depends upon the degree of co-operation and communication among all of the partners in the system: injured workers and their associations, employers, industry associations, unions, and other government agencies and departments. In order to communicate more effectively with our partners in 2000, the WCB will:

- Continue to provide joint information sessions featuring the Workers' Compensation Board and the Occupational Health and Safety Division of the Department of Labour.

- Establish a Corporate Performance Measures Advisory Committee. This committee, formed of various external stakeholders from the worker, employer, and academic communities, will look at what the WCB uses to measure its performance and make recommendations for changes and/or implementing new measures.

- Continue stakeholder research efforts, including injured worker and registered employer surveys.

- Hold roundtable discussions across the province to provide the opportunity for more WCB stakeholders to meet with WCB staff, identify issues and work jointly toward solutions.

Building Strength Within

(From left to right) Joan Crocker of Aberdeen Regional Hospital, with her WCB Case Management Team: Teresa Daigle and Dave Crawley. Linda Moran is from the Northern Regional Health Board.

"When you see life and death every day at work, it makes you value things."

A "Work" Kind of Person

As with many injuries, Joan Crocker's occurred in the course of her regular, day-to-day tasks when she and a co-worker were re-positioning a terminally ill patient.

"We were moving her to make her more comfortable," says Joan, a Registered Nurse. "I had one knee on the bed and one foot on the floor to give me leverage, and suddenly there was a snap." The "snap" was in Joan's back—loud enough that her co-worker heard it from across the bed, and serious enough that Joan didn't work again for nearly two years.

For the first few months she concentrated on healing. But the mother of three boys (now teens and young adults) soon felt dissatisfied. "I'm a 'work' kind of person," she says. "I've been working since my first part-time job when I was 15. I needed to get back."

Her hope was to return to her pre-accident employer—the Aberdeen Regional Hospital in New Glasgow—but at first this looked impossible. She could no longer do the lifting and other physical work required for bedside care.

The solution was found at a meeting which included Dave Crawley, Joan's Case Manager, Teresa Daigle, her Vocational Rehabilitation (VR) Counsellor, union representatives, her doctor, Aberdeen management, and Linda Moran, who works with nine hospitals and other health care facilities as Occupational Health and Safety Co-ordinator for the Northern Regional Health Board. Says Linda: "During our deliberations it came up that the hospital was forming a new, part-time position which might be ideal for Joan."

The position—Registered Nurse in the Surgical Pre-Admission Clinic—involves teaching patients what to expect when they come in for surgery, and arranging for subsequent home care, if required. At four half-days a week, it suits Joan's needs and allows her to use her skills and knowledge without requiring hard physical work.

Joan still has back pain every day—"some days are worse than others, but I cope"—and earns less than she would if the accident hadn't happened. (Her WCB benefits bring her up to her full-time, pre-accident earnings, but they can't compensate for the raises she would have received since the accident.) Overall, though, she believes she is fortunate. "When you see life and death every day at work, it makes you value things."

She gives credit to Teresa Daigle, her VR Counsellor at the WCB: "Teresa did everything in her power to help me out, and she did it with understanding. My work is my life, outside my family," Joan adds. "I'm very fortunate to be back."

Building Strength Within

We value our employees and provide them with the technology, skills and learning opportunities they need to deliver prompt, effective service.

The WCB is a service organization, and understands the importance of investing in the development of our staff to ensure we can better serve the needs of all our clients. Highly trained and knowledgeable staff, who are provided with the right tools and equipment to do their job, enable the WCB to provide better service to injured workers and employers.

The WCB will continue to develop human resource practices that support its mission and goals, and also reflect and embody the principles behind the WCB's operations.

The WCB will continue to build strength within by:

- Providing effective management;
- Ensuring staff have the necessary skills and tools to do their jobs;
- Providing opportunities for personal growth and professional development; and
- Providing timely and effective internal communication.

Building Strength Within

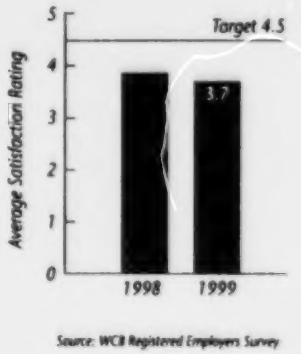
This year our human resource initiatives ranged from the simple and straightforward—providing new desktop computers—to the complex and far-reaching—becoming a national leader in disability management education. Specifically, we:

- **replaced out-of-date, fixed-function terminals with new personal computers for the final 150 of our staff members, and provided in-house training. These employees now have access to e-mail, word processing, and information tracking systems.**
- **equipped all employees with industry-standard computer software and provided training to prepare them for the switch to the new computers.**
- **laid the groundwork for two information technology projects for the year 2000: an electronic claims file system allowing two or more employees to work on a file simultaneously; and a data-warehousing project to provide staff with better access to information. This will allow staff to evaluate and process a claim, without the need to physically have the file in their hands.**

CORPORATE PERFORMANCE MEASURE

Satisfaction with Clarity of Forms

This CPM measures employer satisfaction with the clarity of the forms they receive from the WCB.



Source: WCB Registered Employers Survey

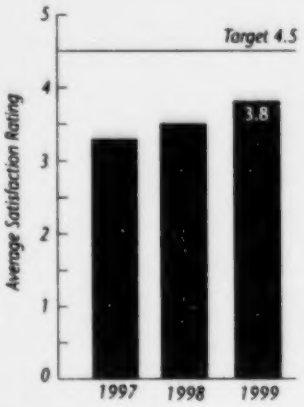
- completed the first cycle of a new Performance Development Process (PDP) to help employees set personal goals which also support the broader goals of their departments and the WCB as a whole. When the second cycle is completed in 2000, all staff members will have taken part.

- saw the first class of students—including eight of our own employees—enter Canada's only Diploma Program in Disability Management. The 10-credit program, which was developed over the past two years in partnership with Dalhousie University's Faculty of Health Professions, is being offered through Distance Education. Thirty-seven WCB employees from Ontario, the Yukon, Saskatchewan, and the four Atlantic provinces enrolled in September, and the program may open to other professionals (i.e., in the insurance industry) in September, 2000.

CORPORATE PERFORMANCE MEASURE

Satisfaction with Frequency of Contact

This CPM measures injured worker satisfaction with how often they are contacted about their claim.



Source: WCB Injured Worker Survey

- developed a staff Learning Centre. The Centre is used as a resource to help WCB staff develop and improve their skills, while co-ordinating all the WCB's training efforts. The staff of the Learning Centre built a comprehensive resource library providing up-to-date training materials. The "Living Well" campaign was also unveiled in 1999. This campaign is designed to assist staff with all aspects of their environment, including nutrition and stress management tips, as well as a series of lunch and learn sessions.

Looking Ahead

The Workers' Compensation Board understands that in order to provide the best service possible for our clients, it is important to continue to invest in the development and training of our staff. In 2000, the WCB will:

- Develop an intranet for employees, allowing them online access to WCB policies, procedures, and the *Workers' Compensation Act*. The ability to search for particular information at their desks, while dealing with injured workers and employers on the phone, will help them to provide better service.

- Develop a pilot project for an electronic document management system, allowing WCB staff to instantly access any information about a claim electronically, regardless of where the physical file is located.

- Continue expansion of the staff Learning Centre to assist staff in using new technology and acquiring the skills and abilities needed to continue to provide quality service.

- Assist WCB staff in gaining entrance into the Dalhousie Disability Management Program.

Management's Responsibility for Financial Reporting

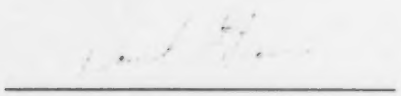
The financial statements of the Workers' Compensation Board of Nova Scotia were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and assets are properly safeguarded. The Internal Auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

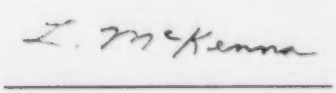
The Board of Directors has approved the financial statements included in this Annual Report. The Board of Directors is assisted in its responsibilities by the Audit & Finance Committee. This Committee reviews and recommends approval of the financial statements and meets periodically with management, the independent actuaries and the internal and external auditors concerning internal controls and all other matters relating to financial reporting.

The firm of Eckler Partners Atlantic Limited Partnership has been appointed as independent consulting actuaries to the WCB. Their role is to complete an independent review of the annual actuarial valuation of the benefits liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial principles.

Deloitte & Touche LLP, the external auditors of the WCB, have performed an independent audit of the financial statements of the WCB in accordance with auditing standards generally accepted in Canada. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.



David Stuewe
Chief Executive Officer



Leo D. McKenna, CA
Chief Financial Officer

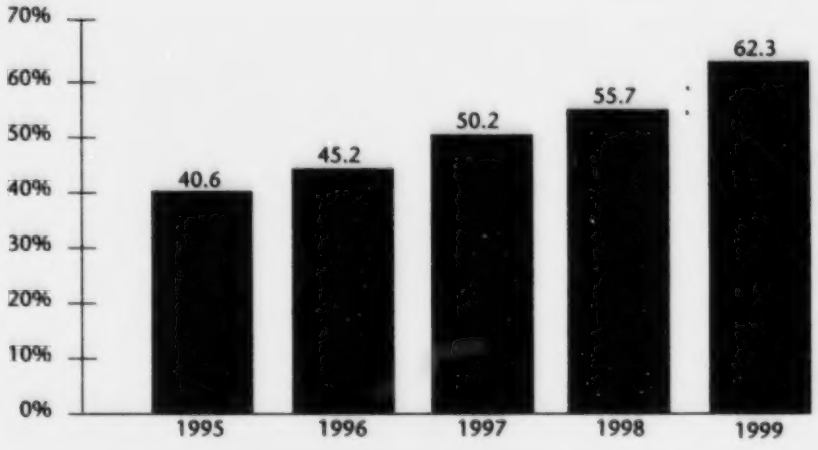
Management Discussion and Analysis

As an integral part of the Annual Report, the Management Discussion and Analysis provides further insight into the operations and financial position of the Workers' Compensation Board.

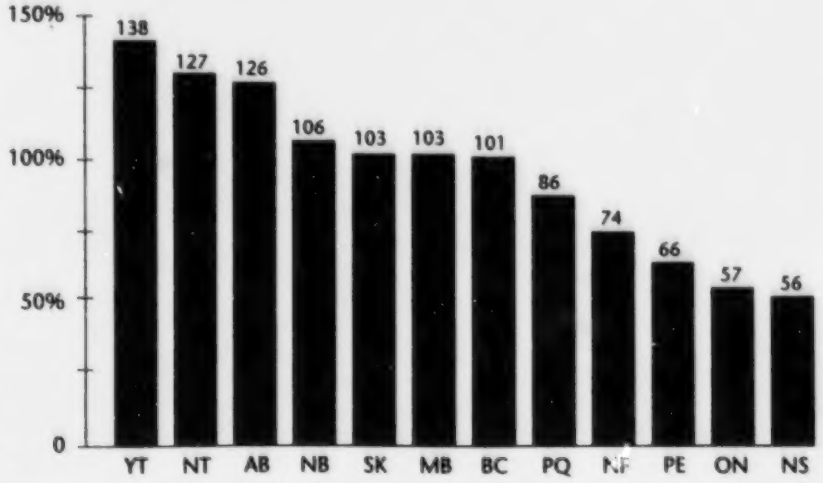
The WCB operates under the authority of the *Workers' Compensation Act* and is responsible, in accordance with the provisions of the *Act*, for administering the payment of benefits to injured workers and for levying and collecting assessment revenues in an amount sufficient to cover the current and future costs of compensation claims. The WCB obtains its revenues from premiums based on assessable payrolls and reimbursements from self-insured employers. The WCB provides coverage to approximately 70% of employed workers in Nova Scotia.

Statement of Financial Position

Capitalization Ratios
For Nova Scotia, 1995 - 1999



Capitalization Ratios
For All Provinces, 1998



Assets

Receivables
The WCB's receivables consist primarily of amounts owed by employers for 1999 premiums, pension contributions recoverable pursuant to the Province's Superannuation Plan pension holiday and the recoverable portion of benefit overpayments.

Investments
The Board of Directors oversees the WCB's investment policies and performance. The Investment Committee is a standing committee, advisory to the Board of Directors. The Committee reviews and reports to the Board of Directors on the administration, supervision, and management of the investment program.

The WCB's assets are diversified among a variety of asset classes in order to optimize returns and manage risk. Investment management for long-term investments is delegated to several external investment managers. The external investment managers are required to comply with the WCB's Statement of Investment Policies and Objectives which outlines permissible investments.

The established investment target is to exceed the rate of return generated by the benchmark portfolio by 1.25 percent after management fees, based on five-year, moving average time periods.

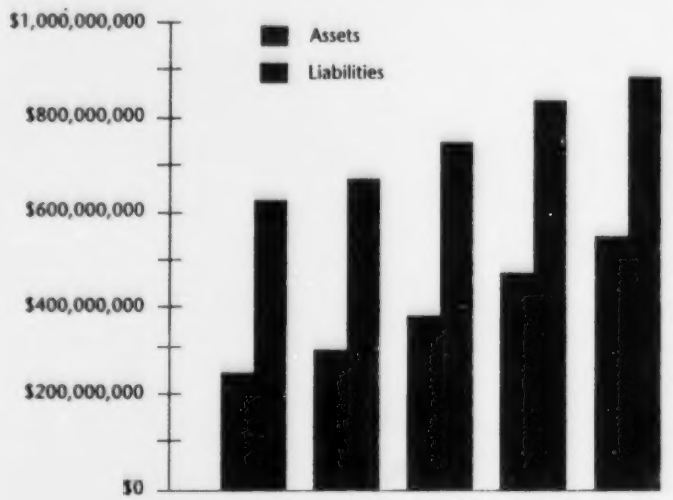
Note 4 of the financial statements indicates that the book value of the WCB's investments has increased by $91.1 million since 1998. Investment returns on the externally-managed portfolio on a market basis averaged 19.9% in 1999, a return of 17.3% after accounting for inflation of 2.6%.

The WCB's investment portfolio reflects the deferral of certain gains and losses to be amortized over a five-year period in accordance with generally accepted accounting principles.

The WCB's assets are diversified among a variety of asset classes in order to optimize returns and minimize risks. The 1999 benchmark portfolio and asset class ranges are as follows:

Asset Class	Benchmark	Minimum	Maximum
		%	%
Canadian Equity	40%	25	55
Foreign Equity (including U.S.)	20%	10	30
Total Equity	60%	35	70
Fixed Income	35%	30	55
Short-term Investments & Cash	5%	0	20
Total Fixed Income & Cash	40%	30	65

Assets and Liabilities



	1995	1996	1997	1998	1999
Assets	253,342,555	300,557,525	373,396,857	464,613,051	[illegible]
Liabilities	620,771,869	665,505,734	743,882,775	834,464,729	[illegible]

Deferred Charges
The deferred charges referred to on the balance sheet represent the WCB's investment in the Nova Scotia Business Registry. The total invested will be recovered over the next five years through reduced transaction fees associated with accessing the system. At the end of the five-year period, any amounts not recovered through reduced fees will be reimbursed to the WCB.

Property and Equipment
Additions to capital assets in 1999 were concentrated in computer hardware and software, and process development.

Liabilities

Payables
The principal items recorded under payables are accounts payable and accrued liabilities. Payables have increased for 1999 to $7.6 million, $1.6 million over 1998, primarily because of increases relating to amounts payable for the Nova Scotia Business Registry and costs associated with development and implementation of the new Assessment Payment Plan.

Deferred Revenue
In 1995, the Government of Nova Scotia agreed to contribute $23 million, payable in five equal instalments of $4.6 million. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate. The Government paid the amount due April 1, 1999 in 1998. The 1999 amount represents the final Government contribution.

Benefits Liabilities
The benefits liabilities grew by 8.1 percent as set out in detail in Note 9 to the financial statements. The change in most years is attributable primarily to the change in the present value of claims payable in future years, as calculated through the annual actuarial valuation process. In 1999, we also had an increase in the benefits liabilities as a result of amendments to the *Workers' Compensation Act* as described in Note 9.

Unfunded Liability
The WCB's liabilities total $898.1 million and assets which total $559.4 million, result in a net unfunded liability of $338.7 million at the end of 1999. The WCB's funding percentage has increased from 55.7 percent to 62.3 percent as at December 31, 1999.

In workers' compensation, assessment revenue should roughly equal current year costs, otherwise transfers to/from future or past employers are occurring. This will be the case in Nova Scotia until the unfunded liability is eliminated. Over the long term, investment income should be expected to equal liability requirements. This is unlikely to be achieved when there is a significant unfunded liability. Actuarial adjustments, in a stable system, should be held to marginal levels, reflecting minor differences between actual experience and estimates.

Statement of Operations and Unfunded Liability

The operating results for 1999 and 1998 may be attributed to the following factors:

($000's)	1999	1998
Assessment Revenue in Excess of Current Year Costs	54,267	47,316
Government Contribution	4,600	4,600
Investment Income below Liability Requirements	(5,811)	(7,763)
Higher Actuarial Liabilities Than Previously Anticipated	(4,548)	(3,316)
Adjustment to Benefits Liabilities	(17,413)	(40,203)
Excess of Revenue over Expenses	31,095	634

Revenues

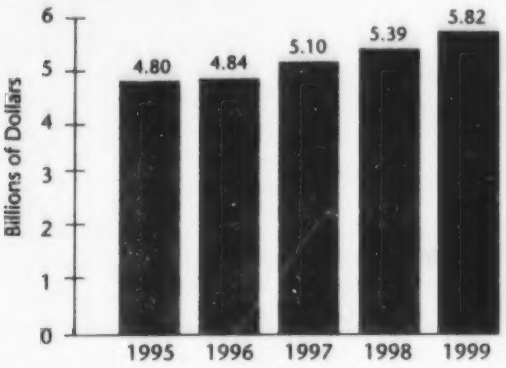
Assessment Revenue
Assessment revenue increased $11.9 million (7.1%) on a net basis from 1998 levels. Revenues from registered firms increased approximately $10.1 million (7.2%). This increase is primarily attributed to an increase in assessable payroll (8.0%) coupled with an increase in the average rate. The targeted average assessment rate has remained stable since 1994. The actual average assessment rate in 1999 was slightly above that target. The self-insurers experienced higher claims costs in 1999 as a result of the amendments to the *Act*, which resulted in higher direct premiums and administration charges billed of approximately $1.5 million.

Investment Income
Investment income is derived from interest on short-term investments and recorded income on the long-term investments managed by external investment managers. The recorded income reflects the WCB's accounting policies with respect to the deferral and amortization of both realized and unrealized gains and losses within the equity and fixed income components of the actively-traded portfolio.

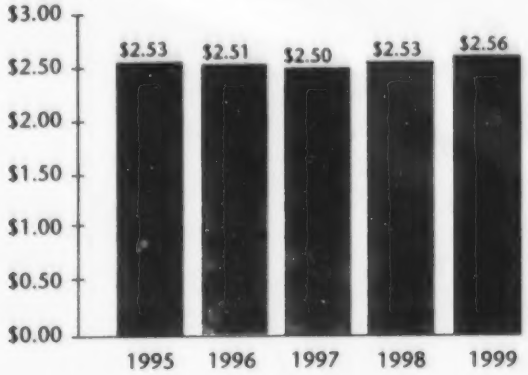
Total recorded investment income is $52.8 million for 1999, an increase of $20.1million (61%) over 1998 levels.

Government Contribution
As a part of the 1995 legislative reform, the Government of Nova Scotia committed to contributing $4.6 million annually for a five-year period ending in 1999.

Total Assessable Payroll
For Nova Scotia, 1995 - 1999



Actual Average Assessment Rates
For Nova Scotia, 1995 - 1999



Expenses

Claims Costs Incurred
Claims costs incurred are an estimate of the costs related to compensable injuries which occurred in 1999. These estimates take into account both unreported claims and reported, but as yet unpaid claims. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future expenses of administration of existing claims.

Claims costs incurred were $2.2 million (2.3%) higher than 1998. Claims categories with significant fluctuations included short-term disability costs increasing $2.0 million (9.3%); long-term disability costs decreasing $3.2 million (5.9%); and health care costs increasing $2.6 million (19.3%). Several factors influenced this aggregate result:

- Total accidents reported increased about 5.9% and reported time-loss claims were essentially unchanged from 1998.

- The short-term disability increase reflects increased durations (20.4%) and increasing average payments for short-term disability (9.5%).

- Rehabilitation service provider costs were up 12.8% compared to 1998. This increase was largely due to an increase in training and work-site modifications.

- The net decrease in long-term disability claims costs combines two different features, namely the increase in earnings-loss payments and reduction in Clinical Rating Schedule (CRS) costs. Earnings-loss expenditures reflect experience under the new *Act*.

- CRS costs dropped moderately. This decline reflects the ongoing impact of replacing the earlier pension system with the legislated earnings-loss approach to impairments, which came into effect in 1996 for accidents occurring after March 23, 1990.

Growth in Present Value of Liabilities and Actuarial Adjustments

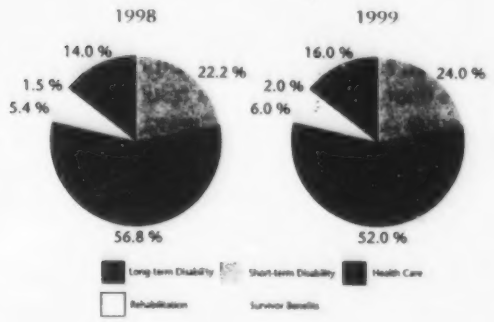
The growth in present value of benefits liabilities is the increase in the present value of prior years' claims due to an interest amount reflecting the time value of money. Actuarial adjustments represent the adjustments to the present value of prior years' claims which were not anticipated in the prior year's valuation.

Administrative Costs
Administrative expenditures totalled $22.6 million, an increase of $2.5 million (12.4%) from 1998. The increase is attributable to the net effect of the following:

- Salaries and staff expense increased $1,568,000 reflecting funding required for the application of merit increments, new positions, and adjustments flowing from a collective agreement effective November 1, 1997. Several new positions were created to accommodate increased workflows as a result of legislative changes and projects.

- Professional fees decreased by $219,000 as costs associated with a broad scope audit by the Office of the Auditor General, which were incurred in 1998, did not recur in 1999. Additional decreases in this category are the result of a greater portion of legal services being performed by on-staff professionals.

Total Claims Costs Incurred



1998		1999
$21,376,669	Short-term Disability	$23,358,015
$54,625,839	Long-term Disability	$51,444,564
$5,194,084	Survivor Benefits	$5,831,247
$1,406,788	Rehabilitation	$1,586,190
$13,499,833	Health Care	$16,098,360

- Amortization increased $131,900 reflecting amortization of 1998 software development costs for a full year in 1999 and further investment in capital assets in 1999.

- The 1998 administrative expenditures were net of recovered pension contributions of $1,062,000. We did not receive a similar recovery in 1999.

Legislated Obligations

The *Workers' Compensation Act* requires the WCB to pay the Province of Nova Scotia a portion of the costs of the Occupational Health and Safety Division of the Department of Labour and the costs of operating the Workers' Compensation Appeals Tribunal.

In 1999, Occupational Health and Safety expenditures were $3.34 million, a slight decrease over 1998 levels of $3.99 million. The WCB's expenditure is set by Order-in-Council and may or may not reflect the actual change in the Department of Labour's expenditure in Occupational Health and Safety.

The WCB's fiscal year ends December 31 while the Province's fiscal year ends March 31. In each year, the WCB's amount for Occupational Health and Safety is three-quarters of the Province's amount for the current fiscal period and one-quarter of the amount for the previous fiscal year. The Province's actual Occupational Health and Safety expenditures recovered from the WCB were $4.833 million for the year ended March 31, 1999 and $4.379 million for the year ended March 31, 2000. Subsequent to the end of the Province's March 31, 1999 fiscal year, and after the WCB finalized it's 1998 statements, it was determined that based on the actual Occupational Health and Safety expenditures the recovery from the WCB should have been $3.680 million. Accordingly, the Province reimbursed the WCB the difference of $1.153 million in 1999. This explains the slight decrease in the WCB's funding for Occupational Health and Safety even though the actual Division expenditures increased.

The cost to administer the external appeals process in 1999 was $1.81 million, an increase of $0.83 million (84.7%) over 1998 levels. Efforts to decrease the backlog of appeals in the system have resulted in a significant cost increase in 1999 due to increases in staff and lease requirements.

Excess of Revenue Over Expenses

In 1999, total revenues of $237.7 million, less total expenditures of $189.2 million, yielded excess revenue over expenses, before adjustment of the benefits liabilities, of $48.5 million. After adjustments to the benefits liabilities reflecting amendments to the *Act* of $17.4 million, the excess of revenue over expenditures was $31.1 million. This excess reduces the unfunded liability.

Statement of Cash Flows

During 1999, the increase in cash and investments was $91.2 million. Revenue received for premiums has increased $12.6 million from 1998. Investment revenue recorded represents an increase of $20.1 million. Payment of the Government contribution for 1997, 1998, and 1999 of $13.7 million was received in April, 1998.

Cash flow decreased $14.6 million due to the increase in cash paid for claims costs.

Disbursements relating to administrative services are up $2.3 million from 1998. Deferred charges of $0.9 million represent a decrease in cash flow for the year. Investment in capital assets in 1999 was $4.2 million, an increase of $2.9 million from 1998.

Outlook

The net results for 1995 - 1999 are significantly better than anticipated in our initial funding strategy in that the unfunded liability is $338.7 million at the end of 1999 while it was expected to be $393.0 million. However, these results represent only the first five years in a long process toward financial stability and do not yet reflect much experience with long-term disability under the new legislation. Long-term disability is the WCB's largest cost area. In addition, the net results tend to mask significant offsetting variances from the plan as described below.

The initial funding strategy was based on a 45-year amortization program, which started in 1995 and reflected assumptions regarding estimated costs and revenues. These assumptions were somewhat conservative but reasonable at the time they were made, as they were based on twenty-one years of historical data indicating that the compound rate of increase in claims costs incurred and administration costs had outpaced the rate of increase in assessable payroll by more than 2%. In addition, assessable payroll had actually declined slightly over the last three years of the period.

Our financial results in the first five years of our funding strategy (1995 - 1999) were somewhat better than expected primarily due to increasing assessable payroll coupled with declining claims costs incurred, better than expected investment returns, and lower than anticipated inflation. This allowed the discount rate used to value the WCB's liabilities to be reduced from 4.75% to 3.50% at the end of 1997 and to absorb an adjustment of $40.2 million to the benefits liabilities during 1998, leaving the WCB essentially on target with the unfunded liability at the end of 1998.

The original funding strategy anticipated claims costs incurred and administration costs for assessed employers of $105.83 million with assessable payroll of $4.6 billion in 1999. Actual claims costs incurred and administration costs for assessed employers was $98.0 million with assessable payroll of $5.82 billion in 1999. Clearly, a reduction in anticipated costs of 7.4%, combined with an increase in the revenue base of 26.5%, represents a significant change in the WCB's financial position. As a result, the WCB revised its funding strategy during 1999 to shorten the period over which the unfunded liability is eliminated. It is now expected to be eliminated in 2016 which is 23 years before the original projection of 2039.

Note 17 of the financial statements details three areas of uncertainty, including actuarial assumptions, chronic pain-related benefits, and survivor benefits, which might have a significant impact on the WCB's benefits, liabilities and funding strategy.

Funding of the workers' compensation system reflects the balance struck between the level of benefits, rates charged to employers and the WCB's funding position. When financial results are different than the target, whether better or worse, the choice becomes: adjust benefits, adjust rates, or adjust the WCB's funding position by lengthening or shortening the amortization period. As the level of benefits is set by the legislature, subject to interpretation by the courts, the funding equation is not entirely within the control of the WCB as the neutral administrator.

The WCB generally offers no comment on the affordability of new benefits or the preferred course of action to deal with a variance from the plan which may arise in any given year. We simply note that the choices are as described above. Any variance from the plan is subject to reversal in subsequent years. It is particularly important to consider this as the recent trend of increasing assessable payroll coupled with declining claims costs incurred is inconsistent with the historical pattern of costs in Nova Scotia. Usually, claim costs increase when assessable payroll increases. However, this has not been our recent experience. Investment returns and inflation are, of course, subject to significant volatility.

It is important to realize that while our financial position has significantly improved over the last five years, there are many years remaining to achieve our overall goal of financial stability and full funding.

AUDITORS' REPORT

To the Members of the Board of Directors
Workers' Compensation Board of Nova Scotia

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 1999 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Deloitte & Touche, LLP

Deloitte & Touche LLP
Chartered Accountants
Halifax, Nova Scotia
March 10, 2000

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1999

	1999	1998
ASSETS		
Receivables (Note 3)	$ 7,094,641	$ 6,785,241
Investments (Note 4)	538,525,888	447,358,641
Deferred charges (Note 5)	923,195	-
Property and equipment (Note 6)	10,567,057	8,069,169
Other assets (Note 7)	2,250,000	2,400,000
	$559,360,781	$464,613,051
LIABILITIES		
Payables and accruals	$ 7,571,405	$ 6,013,670
Deferred revenue (Note 8)	-	4,547,949
Benefits liabilities (Note 9)	890,545,991	823,903,110
	898,117,396	834,464,729
Unfunded liability	(338,756,615)	(369,851,678)
	$559,360,781	$464,613,051

Commitment (Note 16)

Contingencies (Note 17)

Approved on behalf of the Board of Directors:

Chair

Director

STATEMENT OF OPERATIONS AND UNFUNDED LIABILITY
YEAR ENDED DECEMBER 31, 1999

	1999	1998
Revenue		
Assessments (Note 10)	$180,379,331	$168,532,163
Net investment income	52,760,235	32,652,346
Government contribution (Note 8)	4,600,000	4,600,000
	237,739,566	205,784,509
Claims costs incurred (Note 9)		
Short-term disability	23,358,015	21,376,669
Long-term disability	51,444,564	54,625,839
Survivor benefits	5,831,247	5,194,084
Health care	16,098,360	13,499,833
Rehabilitation	1,586,190	1,406,788
	98,318,376	96,103,213
Growth in present value of benefits liabilities and actuarial adjustments (Note 9)	63,118,914	43,731,548
Administration costs (Note 11)	22,640,245	20,146,517
Legislated obligations (Note 12)	5,154,149	4,965,991
	189,231,684	164,947,269
Excess of revenues over expenses before below noted item	48,507,882	40,837,240
Adjustment to benefits liabilities (Note 9)	17,412,819	40,203,000
Excess of revenues over expenses applied to reduce the unfunded liability	31,095,063	634,240
Unfunded liability, beginning of year	(369,851,678)	(370,485,918)
Unfunded liability, end of year	$(338,756,615)	$(369,851,678)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1999

	1999	1998
Cash Flow from Operating Activities		
Cash received from:		
Employers, for assessments	$178,938,402	$166,324,161
Investment income	52,760,235	32,652,346
Government contribution (Note 8)	-	13,747,949
	231,698,637	212,724,456
Cash paid to:		
Claimants or third parties on their behalf	111,704,261	97,082,710
Suppliers, for administrative and other goods and services	23,731,295	21,399,778
	135,435,556	118,482,488
Deferred Charges (Note 5)	923,195	-
	95,339,886	94,241,968
Cash Flow from Investing Activities		
Cash paid for:		
Purchases of equipment	4,172,639	1,344,899
Net increase in cash and investments	91,167,247	92,897,069
Cash and Investments, beginning of year (Note 4)	447,358,641	354,461,572
Cash and Investments, end of year (Note 4)	$538,525,888	$447,358,641

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1999

1. NATURE OF OPERATIONS

The Workers' Compensation Board ("the WCB") was established by the Nova Scotia Legislature in 1917, under the *Workers' Compensation Act* ("the *Act*"). The WCB is responsible, in accordance with the provisions of the *Act*, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new *Workers' Compensation Act* received Royal Assent on February 6, 1995. The *Act* contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990 will be compensated according to the worker's level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the *Workers' Compensation Act* received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

a) Assessments Receivable
Assessments receivable and assessment revenue include a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

b) Investments
Fixed-term investments are recorded at amortized cost. Gains or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss, and the write down is included in the income of the year in which it occurs.

c) Property and Equipment
Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period from 5 to 40 years for all assets except computer software. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half year's amortization is taken.

d) Other Assets
Other assets are stated at cost, less accumulated amortization which is charged on a straight-line basis over 25 years.

e) Benefits Liabilities
An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents which occurred in the current fiscal year or in any prior year. The Benefit Liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses of administration of existing claims (see also Note 17).

3. RECEIVABLES

	1999	1998
Assessments	$ 5,035,937	$ 5,235,460
Self-insured employers	4,850,208	3,207,446
Assessments receivable	9,886,145	8,442,906
Self-insured employers - deposits	(4,001,250)	(4,001,250)
Government of Nova Scotia	527,765	1,164,887
Harmonized Sales Tax rebate	249,396	268,744
Other	432,585	909,954
	$ 7,094,641	$ 6,785,241

Assessments receivable are net of allowance for doubtful accounts of $775,824 in 1999 (1998 - $842,598). Other receivables are net of allowance for doubtful accounts of $66,022 in 1999 (1998 - $68,111).

4. INVESTMENTS

	1999	1998
Cash	$ 5,206,949	$ 2,125,548
Money Market	105,480,613	148,942,296
Fixed-term investments (market value 1999 - $174,628,538; 1998 - $138,790,924)	180,927,930	134,834,448
Equities (market value 1999 - $340,748,058; 1998 - $203,017,889)	271,322,648	185,136,426
Accrued interest	3,134,732	3,306,107
	566,072,872	474,344,825
Deferred investment gains	(27,546,984)	(26,986,184)
	$538,525,888	$447,358,641

5. DEFERRED CHARGES

During 1999, the Workers' Compensation Board entered into a partnership with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry. The WCB invested $923,195 to assist with the startup costs of the NSBR. The WCB will recover its total investment over the next five years through reduced transaction fees associated with accessing the system. At the end of the five-year period, any amounts not recovered through the reduction of transaction fees will be reimbursed to the WCB. The deferred charge will be amortized to expense over the next five years at a rate equivalent to the savings in transaction fees.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 1999	1998
Land	$ 154,764	$ -	$ 154,764	$ 154,764
Building	3,201,702	1,132,917	2,068,785	2,077,201
Furniture	823,178	474,517	348,661	316,020
Equipment and computer hardware	3,626,646	2,009,956	1,616,690	1,390,504
Software and process development	11,134,446	4,756,289	6,378,157	4,130,680
	$18,940,736	$ 8,373,679	$10,567,057	$ 8,069,169

7. OTHER ASSETS

	1999	1998
Cost	$ 3,750,000	$ 3,750,000
Accumulated amortization	(1,500,000)	(1,350,000)
	$ 2,250,000	$ 2,400,000

During 1990, the WCB paid $3,750,000 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

8. GOVERNMENT CONTRIBUTION

In 1995, the Government of Nova Scotia agreed to contribute $23,000,000 to the Accident Fund, payable in five equal instalments of $4,600,000. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate.

9. BENEFITS LIABILITIES

	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Total 1999	Total 1998
Balance, beginning of year	$37,956,383	$619,758,156	$96,336,374	$62,863,851	$6,988,346	$823,903,110	$740,181,000
Growth in present value of benefits liabilities	2,087,601	45,862,104	7,128,892	3,143,193	349,417	58,571,207	40,415,037
Actuarial adjustments	2,700,589	(11,005,247)	2,493,795	9,986,311	372,259	4,547,707	3,316,511
	4,788,190	34,856,857	9,622,687	13,129,504	721,676	63,118,914	43,731,548
Claims costs incurred	23,358,015	51,444,564	5,831,247	16,098,360	1,586,190	98,318,376	96,103,213
Claims payments made	(25,956,019)	(47,451,873)	(14,669,930)	(22,171,732)	(1,957,674)	(112,207,228)	(96,315,651)
Adjustments to benefits liabilities	-	(4,300,000)	21,712,819	-	-	17,412,819	40,203,000
Balance, end of year	$40,146,569	$654,307,704	$118,833,197	$69,919,983	$7,338,538	$890,545,991	$823,903,110

Adjustment to Benefits Liabilities

On July 10, 1998 the Board of Directors of the WCB issued a policy directive with respect to adjudication of chronic pain related benefits. This followed a Court of Appeal decision rendered on April 17, 1997 which indicated that chronic pain coverage would be expanded for clients whose entitlement to permanent benefits arose after March 23, 1990 and prior to proclamation of the new *Workers' Compensation Act* on February 1, 1996. The 1998 adjustment amount of $40,203,000 represented the WCB's best estimate of the present value of the benefits payable pursuant to the Court of Appeal decision and the WCB's policy.

Amendments to the *Workers' Compensation Act* received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65 where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

The 1999 adjustment to the benefits liabilities of $17,412,819 combined with the adjustment of $40,203,000 recorded in 1998 represent the WCB's best estimate of the present value of the benefits payable pursuant to these amendments.

10. ASSESSMENTS

	1999	1998
Classes	$ 149,679,867	$139,556,221
Self-insured employers	27,917,724	26,388,990
Premium adjustment charge	2,031,420	2,006,050
Assessment and reporting penalties	750,320	580,902
	$ 180,379,331	$168,532,163

Assessment revenue is shown net of bad debt expense of $566,128 in 1999 (1998 - $816,043).

11. ADMINISTRATION COSTS

	1999	1998
Salaries and staff expense	$ 15,236,476	$ 13,668,419
Professional fees	1,271,608	1,490,689
Amortization	1,812,518	1,680,629
Supplies	693,180	647,722
Building operations	992,404	956,649
Communications	727,573	698,489
Services contracted	867,302	940,213
Equipment rental	20,722	14,901
Travel and accommodations	563,937	533,779
Training and development	439,252	566,318
Miscellaneous	15,273	10,603
Recovery of pension contributions*	-	(1,061,894)
	$ 22,640,245	$ 20,146,517

*Pursuant to the *Financial Measures (1998) Act*, which received Royal Assent on December 3, 1998, a pension contribution holiday was declared from April 1, 1997 to March 31, 1999. The above amount represents the recovery of employer's contributions to December 31, 1998. In accordance with the pension contribution holiday, no contributions were paid into the fund from January 1, 1999 to March 31, 1999.

12. LEGISLATED OBLIGATIONS

	1999	1998
Occupational Health and Safety	$ 3,339,535	$ 3,987,843
Workers' Compensation Appeals Tribunal	1,814,614	978,148
	$ 5,154,149	$ 4,965,991

The WCB is required by the *Workers' Compensation Act* to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Labour. Total operating expenses incurred by the WCB for 1999 were $3,339,535 (1998 - $3,987,843).

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the *Workers' Compensation Act* to absorb the operating costs of the Appeals Tribunal.

13. SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers—federal and provincial government bodies—who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	1999	1998
Revenue	$ 27,917,724	$ 26,388,990
Claims costs incurred		
Short-term disability	$ 2,463,779	$ 2,420,511
Long-term disability	14,408,973	13,625,559
Survivor benefits	3,516,898	3,310,933
Health care	3,480,383	3,122,213
Rehabilitation	231,633	110,545
	24,101,666	22,589,761
Administration charges	3,816,058	3,799,229
	$ 27,917,724	$ 26,388,990

The benefits liabilities related to self-insured employers has not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

14. RELATED PARTY TRANSACTIONS

Pursuant to various legislative amendments to the *Workers' Compensation Act*, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered from the consolidated fund on a monthly basis. Total recoveries for 1999 were $1,100,528 (1998 - $1,079,621). Claims payments indicated in Note 9 are shown net of these amounts.

In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 13 for the Province of Nova Scotia are as follows:

	1999	1998
Revenue	$ 2,113,231	$ 2,007,906
Claims Costs Incurred	1,888,617	1,826,806
Administration charges	224,614	181,100
	$ 2,113,231	$ 2,007,906

Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $4,847,848 in 1999 (1998 - $7,648,354). Total funds invested in notes due from the Province as at December 31, 1999 were $69,000,000 (1998 - $124,000,000).

15. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the following industries to fund a portion of the operating costs of safety and health training programs conducted by the industry. The amounts collected have been disbursed as directed by the Orders-in-Council. As the funds collected on behalf of these Associations are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	Payee	1999	1998
Construction	Nova Scotia Construction Safety Association	$ 944,090	$ 731,242
Forestry	Forestry Safety Society	296,192	229,870
Retail Gasoline	Retail Gasoline Dealers' Association	30,695	25,486

16. COMMITMENT

The Workers' Compensation Board of Nova Scotia has committed to the following lease payments over the next four years:

2000	$ 749,443
2001	$ 508,028
2002	$ 467,266
2003	$ 147,191

17. CONTINGENCIES

a) Actuarial Assumptions

The WCB's independent actuaries, in their report of March 8, 2000, have emphasized that very little data is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is $367,120,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and magnitude of such a variance are currently undeterminable.

b) Chronic Pain-Related Benefits

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the *Workers' Compensation Act* and *Regulations* are unconstitutional. The provisions affected by the decisions relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

c) Survivor Benefits

An appeal has been filed with the Supreme Court of Nova Scotia relating to survivor benefits. The appeal concerns retroactive reinstatement of benefits to survivors who remarried prior to 1985 and had their WCB benefits terminated pursuant to the legislation in effect at that time. Retroactive reinstatement of benefits to survivors has the potential to increase the WCB's liabilities by approximately $10.8 million. The probability of such an increase in the liabilities is currently undeterminable.

Actuarial Certificate

We have completed an actuarial valuation of the benefits liabilities for insured employers under the *Workers' Compensation Act* of Nova Scotia as at December 31, 1999, for the purpose of providing input to the Financial Statements of the WCB.

Our estimate of the benefits liabilities of $890,545,991 represents the actuarial present value at December 31, 1999, of all expected health care payments, short-term disability benefits, long-term disability benefits, survivor benefits and rehabilitation payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 1999. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future expenses of administration of existing claims or for amounts already set aside (and interest on those amounts) in retirement accounts for injured workers.

A new *Workers' Compensation Act* came into force on February 1, 1996. To estimate the effect of earnings-loss procedures and other elements of the new *Act*, we have made use of techniques, which were applied in our earnings-loss costing work done in 1994, to evaluate the effect of the new *Act*. This work is described in separate reports to the Board.

The liabilities include provision for the effect of Bill 90. Specifically, liabilities have been established for chronic pain-related benefits, reinstatement of Amended Interim Earnings Loss Benefits, reinstatement of survivor benefits to survivors who remarried prior to 1992 and the extension of survivor pensions for life for compensable deaths occurring after February 1, 1996 as a result of injuries prior to February 1, 1996. However, no additional liabilities have been established as a result of the recent ruling of the Workers' Compensation Appeals Tribunal.

No allowance has been made in these liabilities for any possible future deviations from the present policies and practices of the WCB or for the extension of new coverage types.

The liabilities have been broken down into five categories, namely: short-term disability; long-term disability; survivor benefits; health care; and rehabilitation.

All liabilities have been calculated using underlying assumptions of 3.50 percent real rate of return on invested assets and rates of increase in the Consumer Price Index (CPI) equal to 4 percent per annum for 2000 and thereafter. These assumptions are consistent with those used in the actuarial valuation as at December 31, 1998.

The above CPI assumption translates into inflation rates for indexing of benefits of 2.0 percent in respect of long-term disabilities and permanent survivor benefits. Indexing is at 50 percent of the rate of increase in the Consumer Price Index. Liabilities in respect of future permanent long-term disability and survivor benefits awards have been determined based on factors developed from historical patterns of permanent awards, and using mortality and valuation interest rate assumptions consistent with those used in determining the existing pension liabilities. These liabilities have been adjusted for the new *Act* by making use of our earnings-loss costing work, as well as emerging experience.

The liabilities in respect of short-term disability, health care, rehabilitation, and the non-permanent portion of survivor benefits have been determined from projections of future claim payments. These projections have been based on factors developed from the WCB claims experience and average benefit rates in recent years. An inflation rate of 4.0 percent per annum has been used to project future cash flows from short-term disability claims and the non-permanent portion of survivor benefits; and 4.5 percent per annum has been used for health care and rehabilitation, reflecting the greater expected inflation rate on these items.

We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data used in prior years. However, it must be emphasized that very little data are available in terms of the effect of earnings-loss procedures on the liabilities. The amount of the liabilities affected by this is $367,119,933. Except for this reservation, it is our opinion that the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

Paul G. Conrad, F.C.I.A., F.S.A., M.A.A.A.
Eckler Partners Atlantic Limited Partnership
March 8, 2000

1999 Statistical Summary

In 1999:

- The total number of claims registered has increased by 6% from 33,050 in 1998 to 35,010 in 1999.

- The total number of time-loss claims remained relatively stable at 8,200.

- 'Sprains and strains' were by far the most common type of time-loss injury, with the back being the most common part of the body injured.

- Average claim-processing time has increased by 5% (for all claims registered) since 1995, moving from 33.6 calendar days to 35.2 calendar days in 1999.

- 48% of claims receiving a compensation payment were paid within 15 days of the claim's arrival. This represents a decrease over last year's figure of 61%.

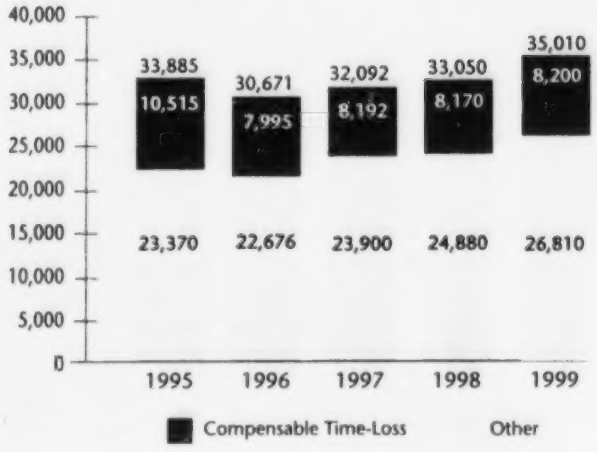
- Nova Scotia's targeted average assessment rate of $2.54 per $100 of payroll was the second highest among the 12 Canadian WCBs. The actual rate was $2.56 per $100 of payroll as of February 28, 2000.

- Total assessable payroll has increased steadily since 1995. The current figure is $5.82 billion, a 21% increase from the 1995 figure of $4.80 billion.

- The capitalization ratio increased from 55.7% in 1998 to 62.3% in 1999. The capitalization ratio is the WCB's total assets divided by its total liabilities.

- The duration of time-loss claims has increased 20% from 43.71 days in 1998 to 52.62 days in 1999.

Claims Registered



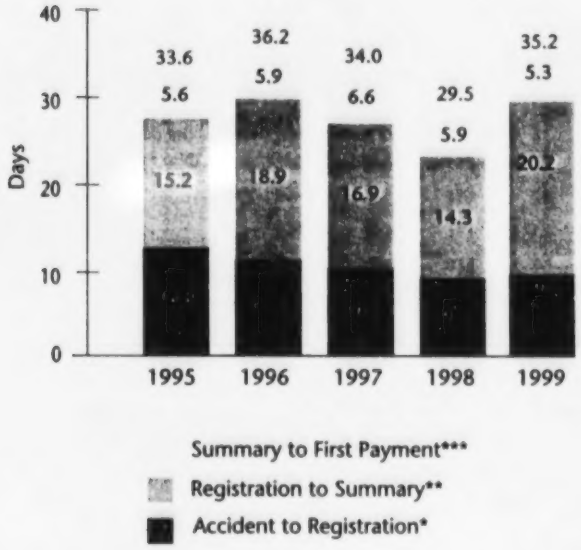
	1995	1996	1997	1998	1999
Compensable Time-Loss	10,515	7,995	8,192	8,170	8,200
Other:					
No Compensable Time-Loss	19,976	19,164	19,970	20,539	22,802
Fatal*	18	15	16	11	11
Not Pursued, or Disallowed	3,376	3,497	3,914	4,330	3,997
Other Total	23,370	22,676	23,900	24,880	26,810
Total Claims	33,885	30,671	32,092	33,050	35,010
Clients with registered claims	28,539	26,520	27,779	28,535	30,046

Claims represented are those registered during the report year. Time-loss claims for 1997, 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year. The definition is the same for 1996 and 1995 except that time-loss benefits paid within three months of the report year were used to define time-loss claims.

Some WCB clients may have had more than one accident/claim in a year, therefore, the number of clients with claims registered does not equal the number of claims registered.

**1998 and prior years' figures are restated based on adoption of the Association of Workers' Compensation Boards of Canada (AWCBC) definition.*

Average Claims Processing Time



Based on all accidents occurring during the year as of December 31. Excludes occupational illness claims.

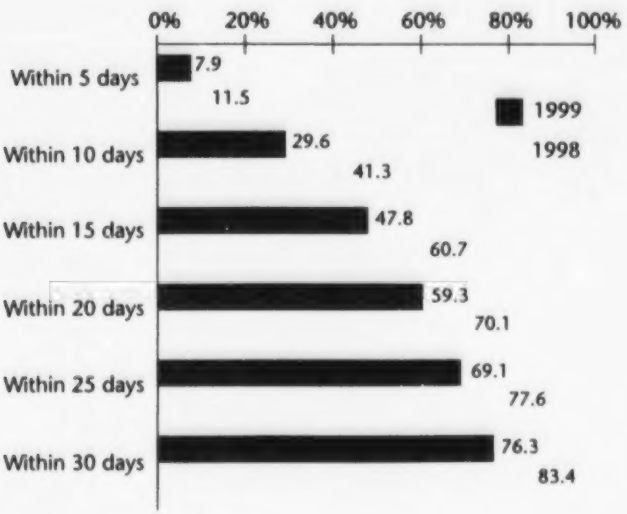
** Time from the date of accident to when a claim is officially opened at the WCB.*

*** Time from when a claim is first opened until all information required to make a decision is collected for a claim.*

**** Time from when all required information is collected on a claim and the first compensation payment is entered onto the system.*

Internal Processing Time

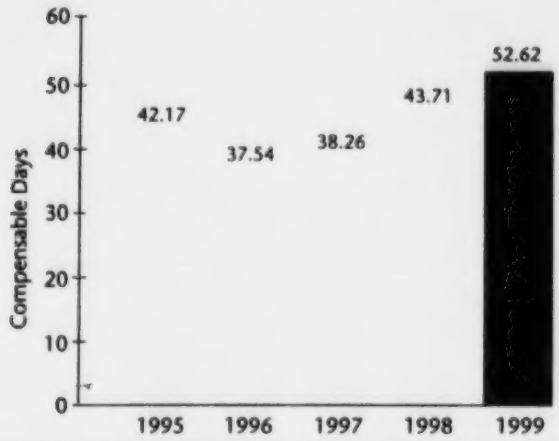
Percent of Claims Paid Within x Days of Being Registered with the WCB.



Based on claims with accidents occurring during the year that received compensation during the year. Excludes occupational illness claims.

Average Duration of Short-Term Disability Claims

Using the AWCBC Composite Method



To make all years comparable, averages are based on the first five years of an accident's duration.

Claims Registered by Firm

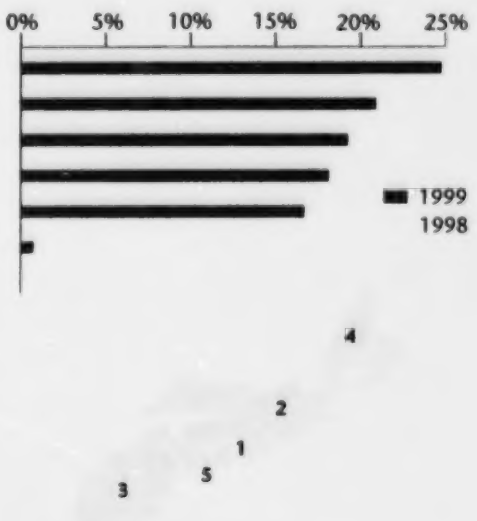
Number of firms	Number of claims registered 1999	% of all firms	Number of new claims registered	% of new claims registered
18	200 or more	0.12%	9,462	27.02%
43	100 or more	0.29%	12,792	36.53%
94	50 or more	0.63%	16,350	46.70%
203	25 or more	1.37%	20,138	57.52%
551	10 or more	3.73%	25,307	72.28%
1083	5 or more	7.34%	28,723	82.04%

Note: Totals for all columns are cumulative. For example, 94 firms account for 0.63% of all registered firms and 46.7% of all claims registered during 1999.

Compensable Time-Loss Claims by Integrated Service Unit

Accident Region

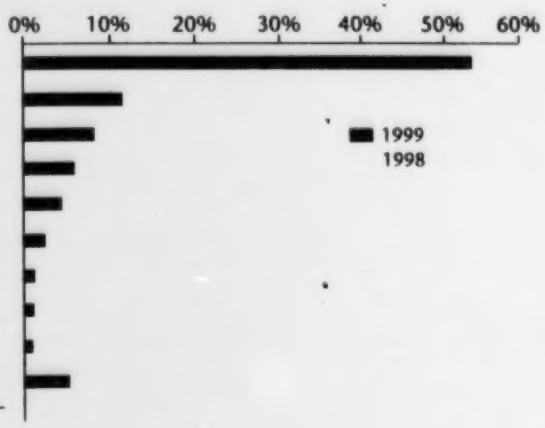
	1998	%	1999	%
1. Halifax County	1,662	20.3%	2,044	24.9
2. Central & North Shore	1,687	20.6%	1,748	21.3
3. South Shore & Valley	1,757	21.5%	1,574	19.2
4. Cape Breton	1,403	17.2%	1,449	17.7
5. Halifax City	1,635	20.0%	1,319	16.1
Other	26	0.4%	66	0.8
	8,170	100.0%	8,200	100.0



Claims represented are those registered during the report year. Time-loss claims are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year. The category of Other includes the Extended Benefits Unit, the Special Services Unit, and miscellaneous.

Compensable Time-Loss Claims by
Nature of Injury

	1998	%	1999	%
Sprains, strains	4,056	49.6	4,448	54.2
Contusion, crushing, bruise	1,035	12.7	1,008	12.3
Nature not stated	1,006	12.3	655	8.0
Cut, laceration, puncture	648	7.9	595	7.2
Fracture (includes teeth)	443	5.4	437	5.3
Inflamed joint, tendon, or muscle	291	3.6	244	2.9
Burn or scald (hot or cold)	156	1.9	138	1.6
Hernia, rupture	109	1.3	133	1.6
Scratches, abrasions	108	1.3	111	1.4
All Other	318	3.9	431	5.2
Total	8,170	100.0%	8,200	100.0%



Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

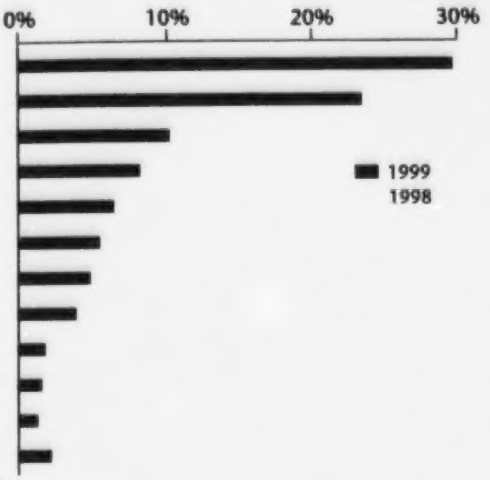
Compensable Time-Loss Claims by
Part of Body

	1998	%	1999	%
Back	2,636	32.3	2,733	33.3
Leg(s)	683	8.4	726	8.9
Finger(s)	691	8.5	661	8.1
Multiple parts	634	7.8	640	7.8
Shoulder(s)	565	6.9	563	6.9
Arm(s) (above wrist)	422	5.2	439	5.4
Ankle	387	4.7	376	4.6
Hand (does not include fingers)	397	4.9	342	4.2
Wrist	315	3.9	359	4.4
Foot (does not include toes)	292	3.6	263	3.2
Neck	266	3.3	236	2.9
Chest	213	2.6	179	2.2
Hips	154	1.9	170	2.1
Eyes	115	1.4	108	1.3
All other	400	4.9	405	4.9
Total	8,170	100.0%	8200	100.0%

Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by
Type of Injury

	1998	%	1999	%
Overexertion	2,239	27.6	2,411	29.9
Bodily reaction	2,001	24.5	1,961	23.9
Struck by	901	11	872	10.6
Fall on same level	627	7.7	664	8.1
Struck against	595	7.3	534	6.5
Fall from elevation	492	6	471	5.7
Type of accident, unspecified	346	4.2	375	4.6
Caught in, under, or between	379	4.6	358	4.4
Motor vehicle accidents	138	1.7	137	1.7
Contact with temperature extremes	155	1.9	128	1.6
Rubbed or abraded	101	1.2	103	1.3
All other	176	2.2	186	2.3
Total	8,170	100.0%	8,200	100.0%



Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

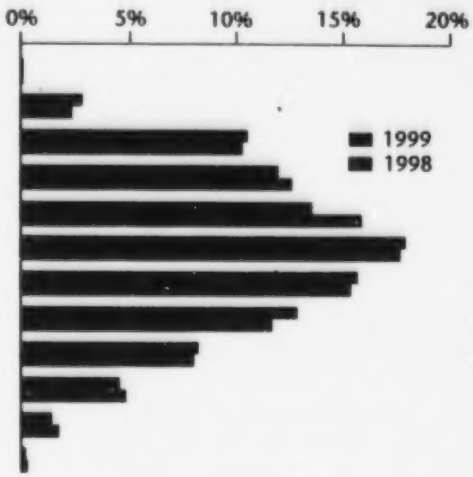
Compensable Time-Loss Claims by
Industry Sector

	1998	%	1999	%
Manufacturing	1,863	22.8	1,878	22.9
Health and social services	1,334	16.3	1,395	17.0
Retail trade	852	10.4	823	10.0
Construction	715	8.8	781	9.5
Government services	731	8.9	637	7.8
Accomodation, food and beverage	582	7.1	560	6.8
Transportation	466	5.7	455	5.5
Wholesale trade	362	4.4	401	4.9
Communication	278	3.4	296	3.6
Other service	193	2.4	242	3.0
Mining	211	2.6	206	2.5
Fishing and trapping	169	2.1	162	2.0
Logging and forestry	131	1.6	130	1.6
Agriculture	105	1.3	91	1.1
Business service	91	1.1	73	0.9
All other	85	1	70	0.9
Total	8,170	100.0%	8,200	100.0%

Categories based on Statistics Canada Standard Industry Classification Codes. Claims represented are those registered during the report year. Time-loss claims for 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by
Age at Accident Date

	1998	%	1999	%
Not Stated	8	0.1	10	0.1%
Less than 20	205	2.5	239	2.9%
20 to 24	831	10.2	851	10.4%
25 to 29	1,014	12.4	978	11.9%
30 to 34	1,200	14.7	1,094	13.3%
35 to 39	1,426	17.5	1,444	17.6%
40 to 44	1,240	15.2	1,267	15.5%
45 to 49	948	11.6	1,046	12.8%
50 to 54	734	9.0	754	9.2%
55 to 59	392	4.8	369	4.5%
60 to 64	149	1.8	131	1.6%
65 or older	23	0.3	17	0.2%
Total	8,170	100.0%	8,200	100.0%



Claims represented are those registered during the report year. Time-loss claims for 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

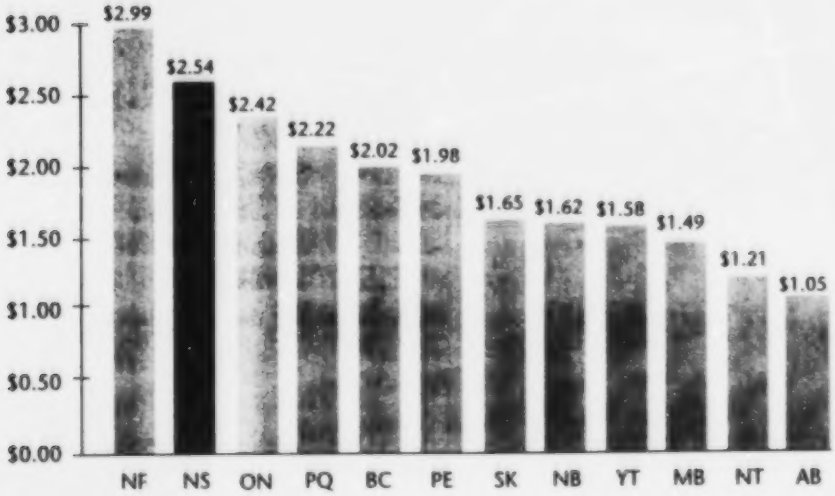
Compensable Time-Loss Claims by
Sex of Client

%		1998	%	1999
Male	5,560	68.1	5,555	67.8
Female	2,610	31.9	2,645	32.2
	8,170	100.0%	8,200	100.0%

Claims represented are those registered during the report year. Time-loss claims for 1998 and 1999 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Targeted Average Assessment Rates

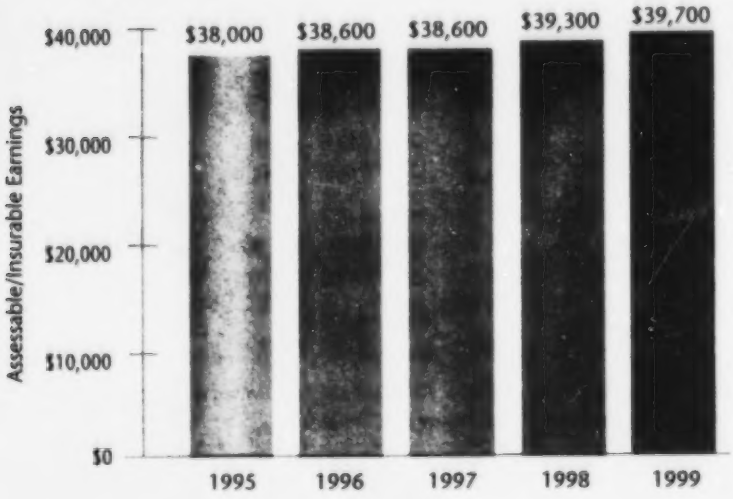
All Jurisdictions, per $100 of Assessable Payroll, 1999



Note: Caution should be exercised in comparing average assessment rates. Inter-provincial differences in extent of coverage, industry mix, benefit levels and assessable maximums can all affect average assessment rates.
Source: Association of Workers' Compensation Boards of Canada.

Maximum Assessable/Insurable Earnings

For Nova Scotia, 1995 - 1999



Defined in Nova Scotia as the maximum amount of payroll per worker upon which WCB premiums are calculated. The maximum is based on 152% of the average industrial wage in Nova Scotia for the 12-month period ending March 31 of the year prior to the year in which the average will apply. The average is rounded to the nearest $100.

Assessable Payroll by Industry

For Nova Scotia, 1999

	Assessable Payroll ($millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered (Non self insured)
Manufacturing	1,148.2	19.7%	8,202	25.5%
Health and social services	888.0	15.2%	5,203	16.2%
Retail trade	764.2	13.1%	3,506	10.9%
Construction	568.2	9.8%	3,216	10.0%
Wholesale trade	452.4	7.8%	1,739	5.4%
Government Services	354.8	6.1%	1,140	3.5%
Accommodation, food and beverage	311.7	5.4%	2,436	7.6%
Transportation	306.6	5.3%	1,332	4.1%
Communication	259.5	4.5%	622	1.9%
Other service	193.1	3.3%	1,040	3.2%
Business service	172.8	3.0%	348	1.1%
Fishing and trapping	113.5	1.9%	488	1.5%
Mining	89.8	1.5%	259	0.8%
Real estate operator	61.6	1.1%	242	0.8%
Logging and Forestry	45.0	0.8%	329	1.0%
Education	39.8	0.7%	70	0.2%
Agriculture	37.5	0.6%	328	1.0%
Finance and insurance	17.4	0.3%	8	0.0%
Unknown	0.0	0.0%	1,627	5.1%
Total	5,824.1	100.0%	32,135	100.0%

Payroll is calculated as of February 28, 2000. These figures do not include self-insured employers.

Glossary

Accident Date: In general, the date a work-related injury/disease occurred.

Actuarial Adjustments: In calculating benefits liabilities, the actuarial study makes a variety of assumptions including those regarding claims patterns, future investment earnings and net interest rates. As subsequent valuations are performed, some of these assumptions will require revision. The effects these revisions have on benefits liabilities are referred to as actuarial adjustments.

Assessable Payroll: The total payroll for all of a employer's workers up to the maximun assessable earnings. This figure is used to determine an employer's premium.

Average Assessment Rate: The estimated total assessment revenue for the year for all insured employers, divided by the estimated assessable payroll for the year for all insured employers.

Benefits Liabilities: The actuarial present value of all expected benefits payments relating to existing claims, including short-term disability, long-term disability, survivor benefits, health care, rehabilitation, cost-of-living increases (whether legislated or constructive), enhanced disability and any other legislated or constructive liabilities related to existing claims.

Claims Costs Incurred: The present value of all payments made in the year of the accident and expected to be made in subsequent years, as a result of the accidents which occurred in the reporting year.

Closed Claim: A claim for which no further activity is expected.

Compensable Days/Weeks: Time loss from work that is reported to the WCB, and subsequently accepted and paid.

Compensable Time-loss Claim: A work-related injury/disease that has resulted in compensable loss of time from work.

Cost-Experience Ratio: The ratio of new injury costs to assessable payroll. It is used to set assessment rates and for experience rating.

Disallowed Claim: In general, this is a claim for which no benefits are payable.

Employer: A company becomes an 'employer' for WCB purposes when it is engaged in an industry for which workers' compensation coverage is required and it has three or more workers. Companies with voluntary coverage are also considered 'employers.'

Experience-Rated Costs: The claims benefits paid by the WCB for a period of three full calendar years, which are used for experience rating purposes. Some costs are excluded. For example, the WCB only considers costs associated with new accidents.

Experience Rating: A program where an individual employer's industry assessment rate is adjusted up or down based on a comparison of their cost experience with the average cost experience of their individual rate group.

Extended Earnings-Replacement Benefits (EERB): A longterm benefit from the WCB designed to compensate an injured worker for economic loss due to a workplace injury/disease.

Fatal Claim: A claim where a client has died as a result of a compensable injury/disease.

Five Year Plan: The five year plan is a multi-year plan which is updated annually based on the detailed annual budget for the upcoming year and the four succeeding years.

Funding Strategy: The funding strategy is updated annually and indicates the WCB's financial position from the date of legislative reform in 1995 to the date the WCB becomes fully funded. The current version of the funding strategy indicates full funding will be achieved in 2016 whereas the original funding strategy assumed full funding in 2039.

Health Care Benefits: All benefits related to providing medical aid or health care to the injured worker, including items such as hospital charges, physician fees, drugs and physical therapy.

Long-term Business Plan: This plan, originally developed in 1997, outlines outlines how the WCB will move to the new proposed service delivery model from 1998 and 2002.

Long-term Disability Benefits: All income benefits after the short-term disability benefits have ceased and after the injury is deemed by the WCB to have stabilized, plateaued, or consolidated. Long-term disability benefits include Permanent Impairment Benefits (PIBs) and Extended Earnings Replacement Benefits (EERBs).

Maximum Assessable/Insurable Earnings: The maximum earnings on which assessment premiums are based and on which benefits are calculated. This figure is set by the WCB annually based on the average industrial wage in Nova Scotia.

Nature of Injury: Identifies the work-related injury/disease in terms of its principal physical characteristics. For example, fractures, strains or sprains.

Non-compensable Time-loss Claim: A work-related injury/disease that has not resulted in any compensable loss of time from work.

Not Pursued Claim: Not pursued means the WCB has not received adequate information to adjudicate the claim.

Part of Body: Identifies the part of the body directly affected by the work-related injury/disease. For example, back, fingers or legs.

Permanent Impairment Benefit (PIB): A long-term disability benefit payable to a worker who has suffered a permanent impairment as a result of a workplace injury/disease. PIBs are payable whether or not the worker has an injury-related earnings loss.

Registration Date: The date a claim was entered into the WCB's computer system.

Rehabilitation Benefits: All amounts related to the rehabilitation of an injured worker, including vocational and psychological rehabilitation costs. Rehabilitation benefits exclude income benefits to the injured worker during the rehabilitation period. These income benefits are paid as short-term disability benefits.

Short-term Disability Benefits: All income benefits during the initial period after the injury, before the injury has stabilized, plateaued, or consolidated. The time at which an injury stabilizes depends on the type of injury, the worker's condition and the practices of the WCB. Short-term disability benefits include income benefits during a rehabilitation period and Temporary Earnings Replacement Benefits (TERBs).

Summary Date: The point in time where sufficient information is received on a claim to refer it for a time-loss decision.

Survivor Benefits: All benefits provided to the surviving spouse, children, or other dependents, after the death of the worker, including income benefits, lump-sum benefits, education benefits and funeral costs.

Temporary Earnings Replacement Benefits (TERB): A short-term benefit from the WCB designed to compensate an injured worker for economic loss due to a workplace injury/disease.

Type of Injury: Identifies the event or exposure that directly caused the injury/disease. For example, overexertion or fall.

Unfunded Liability: The difference between recorded assets and recorded liabilities.

Worker: A 'worker' is any full-time, part-time, casual, or temporary worker. It may also include owners, officers or directors of the employer, if they are working in the business and carried on the payroll. Subcontractors who do not have their own workers' compensation coverage may also be considered workers.

Meredith Principles

In 1910, in response to concerns about a lack of adequate funding for injured workers and a slow, inequitable court system, the Ontario government commissioned Sir William Meredith to produce a report on workers' compensation. Meredith reviewed systems in the United States, France, Belgium, England, and Germany and recommended a system based on collective liability and a wage-loss approach to calculating benefits.

The main principles of Meredith's report include the following:

- **collective liability**, under which all employers share responsibility for benefits to injured workers;
- **no fault**, under which the worker gains the right to benefits without regard to their negligence, in return for giving up the right to sue;
- **universal coverage**, under which all workers are eligible for benefits;
- **industry funding**, under which the entire costs of benefits are covered through levies on employers;
- **state administration**, under which the state assumes responsibility for the collection of employer contributions and the awarding and distribution of benefits to injured workers;
- **exclusive jurisdiction**, under which the administrative Board (the WCB) has the power to inquire into, re-hear and re-adjust all issues as necessary;
- **security of payment**, whereby the worker's claim was separated from the employer's ability to pay and guaranteed by an accident fund under the WCB's administration; and
- **calculating benefits based on wage loss**, whereby an injured worker received benefits based on a calculation of wages lost as a result of the injury.